

Magazine-Industry

Something borrowed

Luxury rentals are gaining popularity among jewelry consumers — and may be a boon for sales as well.

Mar 4, 2019 6:58 AM By Lara Ewen



In today's sharing economy, consumers are increasingly comfortable not owning things. Even fine jewelry isn't immune: An increasing number of rental companies have emerged offering diamonds for a few days to customers who don't want or need to keep such luxury items around permanently.

Some of these companies — such as Adorn, which launched in 2006 — have been around for over a decade. Others are relative newcomers: Haute Vault launched in 2013, and Flont started in 2016. Then there are the retailers that have started rental divisions, such as Verstolo in New York and Pratiksha Jewelry in Dallas, Texas (see box). There are also companies like Switch and Rent the Runway, though these focus more on costume and demi-fine products, as opposed to fine jewelry.

How does it work?

As the rental industry develops, different business models have emerged to service a variety of client needs. Flont, for example, is a membership-based company with fees ranging from \$59 per month to \$379, allowing members to borrow between \$1,500 and \$8,000 worth of jewelry at a time. A separate "Privé" division handles one-time event rentals. Haute Vault is also membership-based, charging approved members an annual fee of between \$350 and \$500, and a per-item rental fee on top of that.

Companies like Adorn, meanwhile, do not feature an annual membership fee, catering mainly to single-event clients such as bridal customers. Rentals at Adorn last an average of five days, and fees range from \$85 for pieces valued at \$2,500, to as much as \$1,900 for a \$69,000 necklace.

All of Flont's pieces are branded, with half coming directly from the brands themselves and half from estate dealers. Of the 65 brands currently available on the site, 42 have signed exclusivity agreements — among them John Hardy, Swarovski, and Hearts on Fire. Customers who want to buy the Flont pieces they rent can purchase them for 15% off the listed retail price.

"An interesting statistic for us is that 10% of our members have ended up purchasing, and the average purchase price has been about \$4,000," says Flont founder and CEO Cormac Kinney. He expects that average to skew down with the recent introduction of Flont Demi, a division that offers demi-fine jewelry.

At Adorn, which designs all its own pieces, the price is also below retail. "We never charge anyone full price to buy a piece, because they know — and we know — that we've rented it out multiple times," says Nadine Zaun, Adorn's director of sales. "Anyway, if we want to make a new one, we can."

The users: Brides and professionals

Kinney initially imagined his clients would be socialites who needed a lot of jewelry, but in fact, he says, it's mainly "women in sales, and real estate brokers. We have a lot of women in wealth management and banking. Mostly women who are working, and who are client-facing."

Zaun says her clients are mostly wedding customers aged 20 to 40 who are getting married for the first time. "The general population can't afford to get diamonds for an event," she says. "They're teachers or lawyers, and they want to look beautiful in jewelry, because everything is about pictures. And they want to wear the real thing, but they don't want to be left with the price tag."

Retail threat or benefit?

Are rentals hurting the bulk high-end fine-jewelry retailers? Not according to Christopher M. Olshan, CEO of The Luxury Marketing Council.

"I'm sure rental is taking away a small piece of the luxury jewelry market, but typically, people who are renting are people who are not purchasing on a regular basis," he says. "Your best customers are still going to be your best customers. But you may see a dip in the customers who have been saving all year for one special piece."

In fact, says Kinney, rather than cannibalizing traditional retail jewelers, his business is helping to expand their client base. "The result of borrowing jewelry is that you learn the value of it," he explains. "We have been educating more millennials about jewelry and creating lifelong fine-jewelry consumers."

Even as Flont expands — with plans to roll out 500 counters at Chow Tai Fook stores starting in 2020, as well as standalone stores in Shanghai and Hong Kong — Kinney insists his company is bolstering the industry. "The benefit to retailers is that we're creating more future clients," he says.

Zaun agrees, stating that it's not her company's intent to compete with retail. "You never rent the engagement ring," she says. "And you can't get away from the personal touch of buying an anniversary band. So we don't do that. We don't want to take business from other jewelry retailers."

Instead, she sees her company as a gateway to retail. "[Rental] is something for the younger generation to wear so they can look great at their wedding. And then, after college and the house get paid off, after 10 years, that's when they go to their local jeweler and build up their collection."

In the spotlight:

Pratiksha Jewelry

Dallas-based Pratiksha Jewelry has run its rental unit for about two years, and it's already big business. "Dallas is a market where there are a lot of charity events," says founder and CEO Tisha Vaidya. While fashion rental company Rent the Runway offers black-tie apparel and costume jewelry, she says, "there isn't anyone here who addresses the rental market for fine jewelry. And if you rent a black-tie gown, costume jewelry doesn't really match."

Pratiksha, which started as an online-only retail business when it opened three-and-a-half years ago, had to make some adjustments to incorporate a rental division. Obviously, insurance was one hurdle, but Vaidya says her clients take exceptionally good care of their rentals, and she quality-checks every product each time it goes out and comes back. Learning inventory control was harder, she recalls: "The same styles are available for rentals and sales. It was a bigger challenge to know what we needed to have on hand."

Still, she's figured it out. "It's usually the classics people want, so we bolstered our inventory on that."

Her business, which includes clients outside of Dallas, doesn't use a membership model. Instead, it charges a per-piece fee for items, which are generally rented for five days. Vaidya says typical rental fees range from 1% to 20% of the purchase price, with a \$300 maximum, even for the most expensive items. Pratiksha currently designs all its own products and plans to open pop-up showrooms around the country. "Every woman deserves to wear fine jewelry pieces," declares Vaidya.

pratikshajewelry.com

Image: Lockwood diamond chandelier necklace from Adorn.