

Range brands general target market description



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Firstly, a brief situational analysis will be given. A short background of the company and a description of the current performance of the enterprise will be provided, before considering the performance of the company's closest competitors, current trends and emerging segments in the market followed by a description of the current and desired positioning of Tissot. The poor relative performance and stagnant market share of the company provides the main rationale for developing a new marketing strategy for Tissot, aimed at creating a stronger differentiation and more distinctive image for the brand.

Secondly, the marketing and communication objectives of the campaign will be stated, before outlining the strategy for the campaign. The aim is to reposition Tissot as sporty, elegant and feminine through a re-launch campaign, using an integrated advertising, direct mail, point-of-sale, PR and sponsorship strategy focusing on the themes social responsibility and creativity. The target markets for the campaign will be 22-35 year old AB working women, as well as the company's current and potential new distributors.

Finally the report concludes with, details of the campaign outlining the control measures that will be used in the evaluation-phase of the campaign.

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1. 0 Introduction

The watches and jewellery market has not been immune to the economic climate and the whole industry suffered in late 2008 and in 2009 as consumer confidence fell and people became more cautious about their spending (Europa Star October, 2010). But on the other hand according to Europa Star report market dynamics such as shifting consumer attitudes has led to a substantial increase in demand, and this trend is expected to continue also in the coming years.

According to Europa Star (2010) strong watch groups such as Swatch group, LVMH and Richemont have weathered the storm and have become even stronger. This is evident from the triumphant profit announcements from the Swatch Group, LVMH, and Richemont. In a growing and crowded market, luxury watch manufacturer Swatch group has experienced stagnant sales and a stable market share.

The focus of this report will therefore to be outline the current market dynamics and recommend a viable new marketing strategy for Swatch group especially emphasizing on its Tisot Brand. Primarily, a brief situational analysis will be given. A short background of the company and a description of its brands and the current performance of the group will be provided, followed by the analysis of company's closest competitors. Further,

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investigation of company's external and internal environment will be followed.

After investigating its environment, a detail recommendation for its marketing strategy highlighting key current trends and emerging segments in the market, followed by a description of the current and desired positioning of the brand will be provided. Finally the report will conclude with a summary of the key findings and recommendations.

2. 0 Company/ Group History and products.

2. 1 History

The Swatch Group Ltd. is the number one manufacturer of finished watches in the world. The Group is active in the manufacture of finished watches, jewelry, and watch movements and components. It produces nearly all of the components necessary to manufacture the watches sold under its 19 watch brands and the multi-brand Tourbillon retail label, as well as the entire Swiss watchmaking industry. In addition, it operates its own worldwide network of distribution organizations. The Swatch Group is also a key player in the electronic systems sector.

Tissot Brand.

Founded in 1853 at Le Locle, the birthplace of Swiss watch making, the Tissot brand is proud to have developed a strong tradition of quality and innovative Swiss watches. The brand is available in over 150 countries.

2. 2 Swatch Group Product range

Table 1. 1 Swatch Group Product Range

Range Brands General Target Market Description

Prestige and Luxury Range Breguet, Blancpain, Glashütte Original, Jaquet Droz, Léon Hatot, Omega and Tiffany Each of them originates strength and prestige from its own exclusive history, and reinvents components with high-end and supreme excellence targeting for the very highest end of the market.

High Range Longines, Rado and Union Glashütte Wide series of sophisticated watches placed at the top end of the market. They are characterized by their pioneering spirit, their technological revolution and their considerable involvement in sport and design.

Middle Range Tissot, ck watch & jewelry, Balmain, Certina, Mido and Hamilton Their extremely keen intelligence of current events in fashion, sport and culture which is reflected in the definition of their high-quality products, gives them a very high profile in the mid-range market. They practically always occupy the leadership position in their different market niches. The unique characteristics of each brand are reflected in the models that make up its range.

Basic Range Swatch and Flik Flak. Two extremes. Swatch on one hand, the most visible of the Swatch Group's 19 brands and the most famous plastic watch in the world; and Flik Flak on the other, exclusively reserved for children. Stood in the lowest price segment. The range is consequently immense and aimed at everyone.

Private Label Endura Group makes all its expertise available to third-party clients who are not active in the watch making industry, manufacture exclusive for special events, sports etc. providing them with watches that perfectly capture and replicate their image.

Source: www.swatchgroup.com

Based on the above table the main focus of this report will be the mid-range market, where Tissot brand is positioned. Thus it is important firstly to identify its direct or in this case its internal competitors. The following table describes its internal competitors.

Table 1. 2 Internal competitors

Position: Innovators by tradition

the first anti-magnetic watch in 1930; Astrolon, the first watch with a plastic casing in 1971; Rock watch, the first watch with a casing made of alpine granite in 1985, followed by Pearl watch, the first watch with a mother-of-pearl casing in 1986, then Wood watch, the first watch with a casing made of wood in 1987. In 1996, Tissot launched its first autoquartz models with 6-day autonomy and then, in 2001, its famous T-Touch models with seven additional functions activated by touching the watch's crystal.

Tissot has also built its reputation on an incomparable style and elegance. People the world over recognize the dynamic that has presided over the brand's destiny for more than 150 years. Its deep involvement in sport, its role as Official Chronometer at top-level national, trans-national and global events

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Position: Absolute, contemporary

The US designer Calvin Klein and the Swatch Group pooled their formidable talent in 1997 to create cK watch, a watch brand with graphic lines that are striking, refined and contemporary. A new and inimitable type of watch, a fashion accessory watch. Today, over 200 different Swiss-made models designed for men as well as women adorn storefronts in more than 60 countries. Characterized by its essential sexy image that translates refined lines and numerous metal surfaces into sensual curves.

Position: A world of elegance

From 1987 to 1995, Balmain watches were manufactured under exclusive license by the Swatch Group, which supplied its immense expertise and state-of-the-art watchmaking technology to the brand and the Parisian fashion house founded in 1945. In December 1995, the Swatch Group acquired the exclusive rights to manufacture market and distribute the brand's watches throughout the entire world. One of the brand's distinctive features is the famous arabesques dial, the stunning design. They are synonymous with elegance and refinement, and meet the quality and esthetic criteria demanded by discerning women and men alike.

Position: Reliability, precision and innovation

The spirit of the famous Certina brand is brought to life by a tradition of uncompromising excellence and the guaranteed use of the finest components and materials: titanium, 316L stainless steel, sapphire glass, and the renowned ETA Swiss Made movements. The company has built its

reputation on the quality of the watch movements made by the Kurth brothers. As the Swiss leader in mid-range sporting watches, Certina has become the champion of outstanding quality at an affordable price. The introduction in 1959 of the concept of double security is a significant example of this, raising water and shock resistance to previously unattained levels.

Position: A mark of true design

Mido's ambition is to produce watches that possess characteristics typical of the quality and careful craftsmanship of a Swiss watch, namely timepieces endowed with mechanical movements that are wound either by hand or automatically. Timelessness is the hallmark of its image, which aims to be clean-cut and refined.

As a specialist in mechanical watches, Mido offers a variety of models with designs ranging from retro to contemporary, and from classic to innovative. They all meet the brand's five strategic criteria: the Swiss-made label; a distinctive identity; a high-precision, high-quality mechanical movement; superior water-resistance, and excellent value for money.

Position: A passion for the sky and the movies

Launch of the world's first battery-powered watch, the Ventura. In 1972, Hamilton again amazed the world by creating the first watch with a digital display.

The wide range and varied styles of Hamilton watches have provided a valuable resource for Hollywood stylists and costume designers. As well as <https://assignbuster.com/range-brands-general-target-market-description/>

being worn by numerous actors during filming, the brand is also famous today for its $\frac{1}{2}$ Behind the Camera Awards $\frac{1}{2}$, which honors backstage artists on film sets in Los Angeles.

Source: www.swatchgroup.com

3. 0 Investigation and analysis

3. 1 Overview of the UK Market

The UK jewellery and watches market, with the jewellery sector being segmented into the categories of real jewellery (gold, silver and platinum) and fashion/costume jewellery. Total sales of jewellery and watches in the UK fluctuated between 2004 and 2008, and fell by 2. 8% in the latter year to finish the review period at $\frac{1}{4}$. 33bn. (Jewellery & Watches Market Report, 2009).

Furthermore, as consumers have cut back on spending during the recession, there has been pressure in the market to reduce prices which, combined with lower volumes, has meant an overall downturn in sales. Initially, the luxury end of the market was relatively unaffected by the downturn, but by the end of 2008 and early 2009, it had begun to take effect. (Jewellery & Watches Market Report, 2009).

The market share in UK is dominated by fashion brands such as Rolex, Omega and Gucci (please refer figure 1. 1 below). Please note due to lack of market data the below figure describes data up to year 2005. Figure 1. 1: Brand shares in the UK luxury watch market, 2002 and 2005.

Source: Mintel report, 2005

3. 2 PESTLE Analysis.

Political

½ Removal of quantitative restrictions on import watches lead to a threat in UK.

Economic

½ More people are concerned about their jobs and employment prospects than last year.

½ 11% growth for the jewellery and watches market over the next five years globally (Mintel, 2010).

½ Rising gold prices and the recession have led many consumers to buy silver jewellery instead of gold.

½ Currency volatility means the end of savage price-cutting.

Sociological

½ Importance of the gifting market for retailers, with four in ten adults enjoying receiving precious metal jewellery as a birthday or Christmas present.

½ Young men aged under-35 are more open to paying higher amounts for a watch as they typically do not wear jewellery to express their individuality or consumer spending power.

½ Costume jewellery is the smallest sector of the watches and jewellery market, but has grown at the fastest rate.

Technology

½ Watch brands are taking advantage of new technologies such as robots and hi-tech coatings.

½ A notable trend is the use of unconventional materials in luxury watches such as titanium and ceramics.

½ Another notable trend is retailers asking fashion brands to design special watches exclusively for their stores. (Innovation Driving Luxury Watch Market , 2007)

½ Developments in online retailing have contributed to it becoming increasingly transparent for information on pricing and availability.

Legal

½ Regulations fair pricing and health and safety Environmental

½ Converging the watch's main function with health benefits would be one way of helping to create new reasons for purchase.

3. 3 Situational analysis (SWOT)

Strengths

½ Brand Image ½ as an “ Innovators by tradition”, ½Swiss Made½.

½ Unique and Exclusive products ½ e. g. " T-Touch," touch-sensitive sapphire, barometers, altimeters and thermometers.

½ After sale service - Tissot International Warranty and after-sales services

½ Premier event sponsor and Brand Ambassadors

½ Strong established Distribution network

½ Swatch Group has a growing Market share

½ The Swatch Group occupies a major position in the production and supply of watches, movements and components.

½ This ensures the integrity of the vertical manufacturing structure; it also guarantees the strength and credibility Weaknesses

½ Pricing for mid-range market

½ Small Presence in key market segment

½ Competitors successfully exploited the lifestyle segmentation which Tissort failed to accomplish.

Opportunities

½ Gifting concept and Seasonality: associating with gifting and relations

½ Company can expand in to a niche market by launching products suitable for customers in a particular market segment like the youth, gift fashion, sports etc.

¿½ Enlarge network of the sales outlets.

¿½ World trend for highly fashionable products.

¿½ Increase in internet capabilities and increase in online buyers especially in the UK. Threats

¿½ World and Local Competition: 25 key luxury brands in the world, with their own branded watches.

¿½ Direct internal and external competitors in the mid-range market.

¿½ Cheap Counterfeits products.

¿½ Decreasing Trends in market. E. g. Use of Mobiles to get the time and the other features.

¿½ Worldwide decline in the production and demand of mechanical watches.

3. 4 Differential advantage/ Competitive edge (USP)

¿½ ¿½ Swiss Made¿½ and 100% Market share for Swiss watches

¿½ Swatch Group Logistics Unit – The Swatch Group Logistics Unit continues to work toward an integrated global Supply Chain Management system. A logistics information platform initially linking virtually all Group brands to the various international subsidiaries has been expanded to reach over 200 agents, providing them with up-to-date information on sales, inventories, and open orders.

Swatch Group Distribution has established regional service centers, among them the European Distribution Centre (EDC), enabling the replacement of countless local warehouses and information systems with a common distribution platform.

Swatch Group accords great importance to customer satisfaction, by creating a division dedicated entirely to Customer Service activities. such as the European platform for repairs of high-end products and the implementation of the Group's watch making schools in Shanghai (China), Kuala Lumpur (Malaysia), Glashütte and Pforzheim (Germany) and Miami (USA).

Tissot recently introduced a web application called 3D Augmented Reality that will allow to try watches on in front of the computer screen

Focusing on the Tissot Touch collection, you will be able to virtually try on a selection of styles and colours. In addition, all the watches will tell the correct time in digital and analogue. (Europa Star, 2010)

3. 5 Current product range of Tissot

Table 1. 3 Tissot Product Line Global

The Tissot T Collection Watch (model T50. 1. 185. 60) is varied. This model is an elegant, women's watch featuring a solid stainless steel case and bracelet with butterfly clasp. With Swiss quartz movement and water resistance to 100 feet, this watch has suggested price of \$375.

The Tissot Seastar II Automatic Watch (T55. 0. 483. 11) is an elegant men's watch with a scratch-resistant sapphire crystal: set on a bi-color bracelet. Water resistant to 100 feet, it has a list price of \$200.

The Tissot PRS200 Chrono Diver Watch (model T17. 1. 486. 34) features: chronograph with ADD and SPLIT functions, 30-minute and 1/10 second displays and 60-second chronograph hand. It's also water resistant to 650 feet. With many other features, this lists for \$450.

The Tissot Oval-T Watch (model T47. 5. 385. 31) is an elegant women's watch with PVD bracelet and a sapphire glass with quartz movement. Water resistant to 100 feet, it lists for \$390.

Other Tissot Series

Tissot makes dozens of models and series. These include the V8 watch, PRS 200 watch, Heritage watch, Powermatic watch, TXL watch, T Lord watch, Quickster watch, the Atollo watch, the Bellflower watch and many others.

Source: www.luxurywatches101.com

Table 1. 3 Product Range of TISSOT – UK

Brand

Range Number of designs and watches

TOUCH COLLECTION 12

T-SPORT 5

T-TREND 4/7

T-CLASSIC 4

T-GOLD 3

T-POCKET 23/44

HERITAGE 4

Each of these brands range offers a wide range of very strongly characterized watches. The attractiveness of the models, their multiple variations, and the combination of multiple specialties, their precision and their quality form an integral part of their fashion appeal, and meet the consumer's many and varied needs. The unique characteristics of each brand are reflected in the models that make up its range.

Summary of Key Facts

Based on the above investigation it is evident that Tissot brand which cater to the mid-range market, has a strong support from the Swatch group especially with its distribution network. But also it should be highlighted that especially the Tissot brand is not up to date with the current trends, for example catering to the youth, women segment especially in UK.

4. 0 Recommendations

4. 1 Segmentation Targeting & Positioning (STP)

4. 1. 1 Market Segmentation

The consumer luxury watches market can be segmented by:

- o Gender
- o Type of watch
- o Age
- o Socio-economic group
- o Life stage of the consumer
- o Marital status
- o Working status
- o Geographical region.

The table 1 below lists the key aspects of each type of segmentation in the luxury watches market.

Table 1. 3: Types of segmentation in the luxury watch market

Gender Type of watch Age Socio-economic

Life stage Marital Status Working Status Region

Men Mechanical 15-24 AB Pre-/no family Married Working London

Women Quartz 25-34 C1 Families Not married Not working South

35-44 C2 Third age East/ Midlands

45-54 D Retired Wales / West / South West

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55-64 E Yorkshire/ North East

65+ North West

65+ Scotland

It has not been possible to obtain information on all the segmentation variables listed above. However, figures relating to gender and type of watch are available. The figures show that the overall market size of men's luxury watches is larger than that of women, however this differential is narrowing as the women's market is experiencing a more rapid growth than the men's market.

In terms of type of watch, mechanical watches dominate the luxury watch market. This represents a pronounced difference to the mass market where the quartz-variety is more important. The tables 1. 4 and 1. 5 below demonstrate these figures,

Table 1. 4: Luxury watch sales, by gender, by volume, 2001-05, Source: Mintel report, 2005

Gender	2001	2003	2005 (est)	% change	
	000 units	%	000 units	%	000 units %
	2001-03		2003-05		
Men's	294	56.5	312	56.2	317 56.1
					+6.1 +1.6
Women's	226	43.5	243	43.8	248 43.9
					+7.5 +2.1

Table 1. 5: Luxury watch sales, by Type of watches, by volume, 2001-05, Source: Mintel report, 2005

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Type of watches

2001 2003 2005 (est) % change

000 units % 000 units % 000 units % 2001-03 2003-05

Mechanical 343 66 367 66. 1 375 66. 4 + 7 + 2. 2

Quartz 177 34 188 33. 9 190 33. 6 + 6. 2 + 1. 1

4. 1. 2 Current Market Position

Based on the market information, Tissot was perceived to be:

- o Elegant and Luxurious
- o Masculine and sporty
- o ½Established in the market½ and stylish
- o Innovativeness by tradition

The graphs 1-2 below illustrate Tissot current positioning in relation to its competitors.

4. 2 Marketing objectives and goals (SMART)

The emerging segments in the market reflect where future potential demand might be strongest, and hence which segments the company should be focusing its efforts towards in order to build a profitable customer base. As highlighted in the analysis section, the female market for luxury watches is experiencing a stronger growth than the male market, making this an

interesting segment for luxury watch producers. Also the younger market (in particular the 15-24 year olds and the 25-34 year olds) is considered to have great potential because of the importance of style and appearance to this segment, and also their generally higher awareness and knowledge of branding.

4. 2. 1 Marketing Objectives

½ Increase the market share of Tissot from 1 % to 5 % over the next 12 months.

½ Increase the number of distributors in the UK from 33 to 100, over the next 12 months.

4. 2. 2 Strategy

The overall strategy for the Tissot re-launch campaign can be summed up in the following points:

½ To reposition Tissot as ½ sporty, elegant and feminine ½ through a re-launch campaign of the T-TREND, TOUCH COLLECTIONS

½ To generate an integrated advertising, direct mail, point-of-sale, PR and sponsorship campaign focusing on the themes: social responsibility and creativity.

½ To communicate the social responsibility and creativity themes to current and potential new distributors and 22-35 year old AB working women to increase distribution of Tissot watches and increase awareness of the brand.

4. 2. 3 Target market

The Tissot re-launch campaign will be focused towards two distinct target markets:

½ In order to capture the emerging trends in the market, the consumer segment targeted for the re-launch campaign will be 22-35 year old AB working women.

½ In addition, a selected group of fine, up-market jewellers and watch specialists will be targeted in order to strengthen Tissot distribution system and thereby support the marketing activities of the company.

4. 3 Desired Positioning

On the basis of previous investigations it was decided that the desired positioning of Tissot should be ½ sporty, elegant and feminine ½ using Tissot's reputation on an incomparable style and elegance. The aim of the repositioning exercise is to create a more distinctive image for Tissot, building on the fundamentals of the brand.

Graph 3: Desired position of Tissot

4. 4 Marketing strategies and programmes (4P's)

Product

A watch can be described considering it as three different products - the core product, the actual product, and finally the augmented product. Based

on the below figure Tissot should focus on its actual product offering especially on branding, style and fashion components.

Place

Swatch Group Distribution was formed in 2001 with the objective of providing worldwide support to Swatch Group companies in their efforts to stream customers with products in a more speedy, reliable and cost-effective way. Swatch Group products are distributed mainly via a global distribution network that has been carefully selected by Group subsidiaries, or by agents who have been authorized either by a Group subsidiary or directly by the Group's head office. Following methods are used by Tissot.

- ½ Monobrand stores

- ½ Network of multibrand prestige watch and jewelry boutiques.

- ½ airports, notably by running watch and jewelry boutiques

As outlined in the strategy section, current and potential new distributors will be approached slightly differently for the new re positioning and re launch.

- ½ Current retailers will be contacted by telephone to inform about the forthcoming re-launch campaign.

- ½ Large, potential retailers will be contacted by the Tissot sales-force to explain the benefit of stocking Tissot products and inform about the upcoming campaign.

½ Small, potential retailers will be contacted through a direct mail campaign.

Advertising strategy

In order to increase awareness of Tissot and to induce demand for the products, a black-and-white print advertising campaign directed towards the target market of 22-35 year old AB working women will be conducted.

The slogan underpinning the re-launch campaign will be ½ Create a difference ½ take the opposite view ½, and this catch-phrase will be featured on all the print adverts as well as other promotional material directed towards retailers and point-of-sale displays.

The campaign will be based around celebrity-endorsement, featuring Tissot's current ambassadors chosen for the re-launch campaign, reflecting the re-positioning strategy, Sporty strong, independent and assertive women with a very distinctive style. The campaign will include a total of 66 inserts of varying sizes in the following publications:

½ The Financial Times

½ The Economist

½ Vogue

½ Harper's Bazaar.

The publications were chosen for its up-market readership and high quality print and colour reproduction. It is therefore assumed that the target market

of 22-35 AB working women should be well reached through these publications. The frequency of the inserts will change over time to reflect the headway and general build-up of the campaign

Sponsorship

In the latter part of the re-launch campaign Tissot will sponsor two trade events directed towards professional women. The purpose of this is to promote continued awareness of Tissot, and to function as an additional reminder of the re-launch campaign as the intensity of above-the-line communication will be reduced in the Spring/Summer period. It is hoped that the sponsorship-strategy will enhance corporate identification with the target audience of 22-35 year old working women, thus creating a positive image of Tissot amongst this population.

Pricing

The pricing structure will reflect its target audience of 22-35 year old working women, creating a positive image as a stylish affordable watch. Also the pricing structure should reflect Tissot's essential market position, the Mid range market.

5. 0 Conclusion

5. 1 Evaluation

In order to estimate the relative success of the campaign in terms of its ability to achieve the stated marketing and communication objectives, a

number of control measures will be carried out during and towards the end of the campaign.

Increase in market share will be evaluated through tracking of unit-sales, using inventory data. The level of sales will be measured in 3 stages: before the launch of the campaign, six months into the campaign and finally after completion of the campaign.

Increase in the number of distributors will be assessed by measuring the number of retailers before the launch and after completion of the campaign. Recognition tests will be carried out in order to determine the effectiveness of the advertisement in terms of increasing awareness of Tissot, and also if the media used were effective in reaching the target audience.

Correspondingly, the achievement of the campaign in terms of re-positioning Tissot be evaluated using qualitative research obtained during focus-group discussions.