

Cartier (hong kong)
limited



**ASSIGN
BUSTER**

For more than 150 years, Cartier has been a creative force in the design and manufacture of exceptional jewellery, watches and accessories (eyewear classifies as accessories). Imagination, craft, audacity, and inventiveness have characterized its creations from the start – and excellence has always been its goal. Cartier is one of the leading names in the world of jewellery and luxury watchmaking. Once memorably hailed as “ The jewellery of kings, and the king of jewellers” by King Edward VII. Cartier remains today one of the world’s best-known luxury brands, a byword for quality and style. The Richemont Group owns Cartier. The Richemont Group has a unique portfolio of some of the world’s most famous luxury product brands that design, manufacture, market and distribute a broad range of products: jewelry, watches, pens, leather goods, perfumes, lighters, clothes and accessories for men and women (Appendix A).

The primary objective of the Richemont Group is to ensure that all its brands enjoy long-term growth in terms of turnover and profits and to safeguard and promote their reputation and integrity. Protecting the brands is one of the group’s priorities. It has no intention of seeking short-term profits at the expense of long-term success. This paper reviews the marketing strategies employed by Cartier’s Eyewear Division in Hong Kong.

Historically, the eyewear division has contributed very little to Company revenues however the products, including both sun and optical glasses, complete the Cartier accessory range so therefore are given the marketing attention afforded to all products. The current aim of the team is to increase market share and become market leader. To do this, Cartier must look for ways to increase sales in an extremely competitive market segment. The

external factors that are beyond Cartier's control, that affect its planning and performance are examined via the P. E. S.

T. L. E analysis in Appendix B. The conclusions drawn from the analysis are summarised below: Political* The relaxing of foreign investment laws in China will eventually lead to improved standard of living, greater individual wealth and therefore significant marketing challenges and sales opportunities for Cartier eyewear. Economic* Cartier has enjoyed significant success in Hong Kong because of the Country's extremely high standard of living, low tax rate and higher than average wage base compared to the rest of the region;* Since the de-pegging of the Thai Baht triggered the Asian economic crisis in 1997, the bust of the tech sector in 2000 and the depression in the local housing market, Cartier must jump significant marketing hurdles to increase eyewear sales; and* Talk of the de-pegging of the HK dollar from the US dollar adds further instability to the local economic climate and in turn, to the success of Cartier's eyewear division locally.

Socio-Cultural* At the risk of being stereotypical, in Hong Kong your success as a person is measured by the quality of your material possessions;* The population of Hong Kong is 96% Chinese and wear gold as a symbol of success (therefore many optical frames should feature gold); and* The society is very 'label' conscious therefore the Cartier logo should be highly visible on the frame; Technological* While maintaining distinctively Cartier, conservative yet contemporary designs, technology could be used to integrate new, expensive materials (to maintain exclusivity) such as titanium and platinum into the glasses frames;* New lens materials could be developed providing Cartier with an avenue to market specific models and

designs to specific age groups;* The advances made in optical science could be reflected in modernised shopfittings, tailored to the 'expectations' of the younger target customer; and* Equally, the new technology could be marketed with an emphasis placed on durability of the new input materials in the frames and quality of the lenses. CompanyWith over 150 years experience designing, manufacturing and selling designer jewellery and accessories and with a client base that includes Royalty and Celebrities, Cartier definitely retains the skills needed to market fashion eyewear. However, unlike jewellery design where individual designs the quality of stones and metals is often immediately apparent and virtually sell themselves, differentiation from competitors in the eyewear sector is much more difficult. Eyewear is a much more competitive market and the marketing implication is that the Cartier brand is not immediately synonymous with the sector therefore gaining market share is extremely difficult, meaning product augmentation is required (see Section 3. 1: Product Analysis).

CompetitionCartier's premium pricing of its eyewear is essentially a growth limiting strategy because the price excludes the majority of the public from purchasing. In this case, raising the price to improve margin is not an option, nor is reducing manufacturing costs by using cheaper, low quality inputs (poor quality product), therefore Cartier must diversify into a greater range of eyewear and attract a wider cross section of customers. Cartier could consider manufacturing the eyewear from a lower cost base such as China, however their typical customer would no doubt reject paying premium prices for mainland goods (or similar). Product diversification is somewhat of a

conundrum for Cartier because they then run the risk of attracting a consumer type that may not fit the mould of the model Cartier customer. Either way, Cartier faces intense competition from rival fashion houses such as Gucci, plus the problem of forgery, therefore must devise marketing strategies in an attempt to increase market share. CustomersThe typical Cartier customer seeks individuality, style and performance from their eyewear.

Most of Cartier's competitors compete across all product ranges from sport glasses to spectacles. Therefore, when faced with a purchasing decision, how does Cartier attract the consumer to their product? Cartier can get some leverage off its brand name but rarely will this be the sole determining factor in the purchase of eyewear. Marketing can play a huge role convincing the consumer before they get to the POS, that Cartier is the 'right' choice to make. The pre-sale marketing and the quality of the product at must symbolise the customers 'ideal' self in order to help them 'cut through' the 'Psychological Noise' at the POS and purchase the Cartier product.