

Scoping analysis
luxury brand
management
marketing essay



**ASSIGN
BUSTER**

Introduction

Tiffany & Co. is one of the most renowned luxury Jewellery companies over the world. As a successful brand that had entered into its maturity phase, to give it a new lease of life that based on its original values is an important point of its brand management issue. (Chevalier M. & Mazzalovo G., 2008)

On one hand, Tiffany needs to keep on to pay its attention on the earlier brand esthetics: unique and magnificent diamonds, legendary and groundbreaking design, timeless style and lasting value. (The Tiffany story, 2010). On the other hand, a new blood that could enhance Tiffany's brand equity and boost its sales would be acquired. This research proposal will find an opportunity to diversify and broaden Tiffany's product line, promote the brand's reputation and also stimulate the demands of both exist customers and new customers.

Background

Charles Lewis Tiffany established Tiffany & Co. in Manhattan in 1837.

Nowadays, more than 220 Tiffany stores had founded around 22 countries over the world. As the second-largest luxury jewellery retailer in the world, Tiffany & Co. offers a large-scale of fine jewellery (90% of revenue in 2009), along with sterling silverware, crystal, timepieces, china, stationery, eyewear, fragrances, scarves and other accessories. (Shareholder information, 2010). During 173-year history, Tiffany had created an appropriate esthetics for its products and made a brilliant success of its brand equity.

However, confront of economic sea change and recessionary environment from 2008 to 2009, the worldwide sales of Tiffany had declined significantly. The bar chart follows shows the net sales of Tiffany & Co. between 2001 and 2009. As the figure illustrated, Tiffany's net sales declined from \$2.9 billion in 2007 to \$2.86 billion in 2008 and \$2.71 billion in 2009 gradually. The most important factor of Tiffany's downward sales was the worldwide range of recession between 2008 and 2009 which impact the whole category sales of Tiffany & Co. significantly. Moreover, the fluctuations of foreign currency and precious metal price had also influenced Tiffany's sales internationally. (Annual report 2008, 2008)

Net sales of Tiffany & Co. between 2001 and 2009. (Statistics from Tiffany & Co. Annual Reports 2001 to 2009)

However, when the net sales decreased by degrees between 2008 and 2009, Tiffany & Co. had taken some actions quickly. It includes reduced their staffs, slowed their pace of opening new stores, declined their manufacture and sell from suppliers and also closed their IRIDESSE stores. (CEO's annual letter, 2008).

In terms of competitive strategies, Tiffany & Co. expanded a wide range of its new product lines and triumphed appreciably in this area. For instance, Tiffany & Co. launched the Tiffany KEYS collection in 2009, TIFFANY NOTES and METRO jewellery collections in 2008 respectively. (Annual report 2009, 2009; Annual report 2008, 2008).

Moreover, extensive public relations activities and events had held

successfully worldwide by Tiffany & Co.. For example, the 2010-2011 Tiffany
<https://assignbuster.com/scoping-analysis-luxury-brand-management-marketing-essay/>

Blue Book collection event was celebrated at a marvelous square in Forbidden City of Beijing on October 23 2010. (Event, 2010) As the most representative historic site in China, chose this regal place could show Tiffany's peerless brand identity and earn glory reputation internationally.

The 2010-2011 Tiffany Blue Book collection event was held in Beijing's Forbidden City on October 23 2010. (Event, official Tiffany & Co. Chinese website, 2010).

Furthermore, although the net sales between 2008 and 2009 shows a downward trend, Tiffany & Co. had never stopped to opening their new stores internationally but it slowed down their opening speed. For example, it opened 22 new stores in 2008 and 14 in 2009 respectively. (Annual report 2008, 2008; Annual report 2009, 2009). It seems that Tiffany took very careful operations in recession period but took enormous energy to resolve their problems.

To celebrate the new flagship store had opened in Beijing in December 2010, an astounding 3D show was displayed onto the store's facade. (Office blog of Tiffany & Co., 2010)

To sum up, although a downturn economic trend was showed in recent two years, Tiffany & Co. still has a great ambition in luxury jewellery industry. It seems that Tiffany focus on how to offer their product's lasting value and a flawless shopping experience, as well as how to find new customers and expand their distribution worldwide and enhance its brand reputation in an extensive region. (2009 annual report, 2009)

An Important point would be easy to noticed is that the proportion of wedding market accounted the whole Tiffany's market share remarkably. As the following chart which source from Tiffany & Co. 2008 annual report shows, the category B which describes that diamond rings and wedding bands accounted for 18% in 2006 and 2007, increased to 20% in 2008. The average prices of this category was about \$2500, \$3000 and \$3000 in 2006, 2007 and 2008 for total reportable segments.

Sales by reportable segment of Tiffany & Co. jewellery by category.

(Products, 2008 Annual report, 2008)

According this figure, it could be seen that as a famous luxury jewellery brand, Tiffany & Co. has a great market share with wedding customers. Firstly, wedding market is Tiffany's target market. Not only supported from this sales category segment chat, it also could find evidence on the office Tiffany & Co. website. The most conspicuous category of Tiffany, which people can find firstly when they opening a Tiffany & Co. website, is engagement rather than jewellery. Moreover, the first essential topic in Tiffany's facebook or twitter is about wedding bands or engagement diamond rings. Furthermore, look at the large range of different advertisements of Tiffany & Co. on magazines or websites, it also could deduction that a strong relationship between wedding people and Tiffany's products.

Secondly, a large range of wedding people or ' Tiffany fans' may want their wedding have a connection with Tiffany. When google the keywords of wedding or tiffany or together, a huge number of Tiffany style's wedding

scenes that people did it themselves or wedding agencies did for them would be appeared; such as ' Tiffany's wedding dress', ' Tiffany's wedding banquets', ' Tiffany's wedding invitation cards' and ' Tiffany's wedding cakes'.

An image of a Tiffany blue theme wedding emerged from a girl's blog. (The chronicle of a bride, 2010)

Thirdly, this Tiffany blue wedding trend also could earn money for some particular business. For instance, some bridal gown companies named them products ' Tiffany wedding dress' even an enterprise named itself ' Tiffany Bridal'. (Tiffany bridal limited, 2010). Another thought-provoking example also could be found on a Chinese famous wedding magazine. A Chinese editor recommended and created a ' Tiffany blue wedding banquet pattern' in Hotel New Otani which is one of the most famous five stars hotel in Beijing. Even Chinese have their own entrenched traditional ' red colour' wedding custom, this unique ' Tiffany blue wedding' got an expressive successfulness of booking for the hotel when the press was released.

A ' Tiffany blue wedding' released on a Chinese wedding magazine. (Zexy, 2008)

As one of the Tiffany's famous tagline mentioned that ' Blue is the colour of dreams', a huge number of people who is engaged may think that Tiffany blue is also the colour of their dream weddings. For example, a significant number of girls discussed their dreaming Tiffany wedding in Tiffany & Co. facebook website. It seems that the emotion part of Tiffany or Tiffany's blue may always about love, dream, beautiful and wedding.

<https://assignbuster.com/scoping-analysis-luxury-brand-management-marketing-essay/>

In terms of other famous brand such as Vera Wang or Cartier, they both have their specific target wedding market too. The former is renowned of its wedding dress firstly and is developing its brand to a integrate women fashion brand gradually. However, as a young brand which founded in 1990, Vera Wang's history is only 20 years old. (Company Information, 2010) It seems that the loyalty of customers is the most important factor of a successful brand. From this, the brand impart of Vera Wang may hardly to competition with Tiffany's. Cartier also has a great reputation of their wedding bands and engagement rings. But like Tiffany, they still not expand their wedding market widely for now. (Bridal, 2010)

Decision

According to a bridalwear market assessment in Key Note, the average wedding gowns that brides would pay has broken the £1, 000 in 2004 in the UK. This stood for 5. 8% of the average cost of a wedding. (Key Note, 2005). Moreover, Key Note evaluates that UK wedding dress retail market was worth £105. 3m in 2009. (Key Note, 2009) Based on this huge wedding market situation, as a great luxury brand, Tiffany has their great background to launch their own bridal gowns and related accessories include bridal veils, tiaras, pins or other decorations.

Hypotheses

If Tiffany & Co. launched their stunning wedding dress in the market, there are several benefit for the brand and business. Firstly, it is a great opportunity for Tiffany to attract people's eyes. A huge number of different kinds of media will compete to release the first glance of Tiffany's bridal gown. That's a free and fabulous advertise of brand. Secondly, if Tiffany only
<https://assignbuster.com/scoping-analysis-luxury-brand-management-marketing-essay/>

offered very limited quantities of their wedding dress, customers should book and wait for their gowns patiently and passionately. This is a good way to gain reputation and enhance brand equity. Thirdly, the expand product line will increase customers include both exist customers and new customers to increase revenue. At last but not least, as a long-term development strategy, this action will help to compete Tiffany's whole wedding product category in a proper way.