

# The Research on the Marketing Strategies of Luxury Brands and its Extension—Taking Tiffany & Co. as an Example

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**Abstract.** For a luxury fashion brand to build brand identity, the implementation of appropriate marketing strategies is crucial. In recent years, luxury fashion brands are becoming increasingly creative in adapting their marketing strategies to the preferences of consumers and the fashion trend. Brands incorporate their marketing strategies that define their products and marketing activities into integrated business plans for promotion. This paper will examine Tiffany & Co., a world-famous luxury jewelry brand that has been very successful in its marketing strategies, by using the marketing mix model, competitor and consumer analysis. A SWOT analysis is used to examine the brands' strengths, weaknesses, opportunities, and threats. This paper found that Tiffany & Co. has been very brilliant in its promotion strategies, but there also opportunities for the brand to develop. Therefore, this paper has proposed a recommendation strategy for Tiffany & Co. for its potential opportunities discovered.

**Keywords:** luxury; Tiffany & Co.; fashion branding; marketing strategy; brand extension.

## 1. Introduction

Luxury brands, being endowed with aesthetics, quality, heritage, glamour, and prestige [1][2] have acquired subsequent attention and popularity worldwide and become a part of the fashion culture. Characterized by an iconic style and unparalleled strong identity [3], each luxury brand evokes its uniqueness and exclusivity. This enables it to differentiate itself from the competition to attract consumers. For a luxury fashion brand to communicate brand values, build brand identity and highlight the brand's unique characteristics, the implementation of appropriate marketing strategies is crucial. A marketing strategy refers to the brand's plan of business decisions that identifies its key decisions regarding products and marketing activities [1] to sell and promote products and services. Using successful marketing strategies enables brands to position the new product and identify the potential market and the target customer to raise publicity in a more precise way [4]. In recent years, luxury fashion brands are becoming increasingly creative in adapting their marketing strategies to the preferences of consumers and the fashion trend. Tiffany & Co., for example, is a world-famous luxury jewelry brand that has been very successful in its promotion strategies, yet the research to seek further opportunities in its marketing strategies is limited. Given the importance of marketing strategies to a luxury fashion brand above, this paper will examine Tiffany & Co. using the marketing mix (Products, Price, Place, Promotion), competitor, and consumer analysis. Strengths, weaknesses, opportunities, and threats of the brands are also evaluated using a SWOT analysis.

This article is divided into two chapters, which will discuss the brand analysis and brand extension of Tiffany & Co., respectively. The author hopes to contribute to future scholars who study this field through the research.

## 2. Brand Analysis

There are three sections in this chapter: an overview of the brand information, the current situation of the marketing strategy of Tiffany & Co., as well as its brand positioning, competitor analysis, and consumer analysis.

## 2.1 Brand Overview

Tiffany & Co. is a classic luxury jewelry brand established in 1837 and headquartered in New York by a visionary founder, Charles Lewis Tiffany<sup>[5]</sup>. It is famous for its artistic jewelry design and expert craftsmanship, contributed by Louis Comfort Tiffany (son of Charles Lewis Tiffany), as well as the iconic “Tiffany blue.” Tiffany & Co. is a brand that introduced Americans to luxury goods. It grew from a small store to a world-class luxury brand and became a holding company, bringing significant influence in the world beyond compare. The brand has maintained its lofty and high-class position in the luxury market through its brilliant marketing strategies from all dimensions.

## 2.2 Current Situation of Marketing Strategies of Tiffany & Co.

The marketing mix is a conceptual framework that clarifies the principal elements managers make in configuring offerings of brands to suit consumer needs and wants<sup>[6]</sup>. The framework comprises four aspects: product, price, place, and promotion. The following text will apply the elements from the marketing mix framework to analyze the brand respectively.

### 2.2.1 Product

Product refers to goods and services the brand offers<sup>[7]</sup>. Based on the needs and wants of consumers, a brand's products can vary in quality and features<sup>[8]</sup>. Tiffany & Co. caters to women's and men's jewelry, ranging from necklaces, bracelets, earrings, rings, watches, brooches, and charms. Also, Tiffany & Co. provides engagement rings for women and men, which are handcrafted with high quality and creativity. The timeless Tiffany® Setting ring that was introduced in 1886 remains the world's most famous style for engagement ring. The innovative design has become the blueprint for plenty of engagement rings. This established the status of Tiffany & Co. as the pioneer and classic in jewelry market. Not only jewelry, Tiffany & Co. also offers Home & Accessories line, which ranges from tableware, decor, novelties, baby products, china, silverware, and accessories. Tiffany & Co. has diversified its products, providing high variety of goods to customers. The wide range of product that Tiffany & Co. provides suggests that the brand is implementing product diversification strategy. It diversifies offerings to customers beyond jewelry and extends the product lines. It enables the brand to meet more demand of customers, resulting in enhanced competitiveness.

As a high-end luxury brand, all its products are meticulously designed to reflect its distinctive identity. The iconic designs of Tiffany & Co. differentiate their products from other brands. For example, Tiffany & Co.'s "T" is integrated into the design of the T collection, making customers aware of the icon of the brand.

### 2.2.2 Price

The second element in the marketing mix is price. It refers to the policies and procedures relating to price level of a product or a product line<sup>[7]</sup>. It is closely related to sales made by the brand, as it considered to be a crucial aspect in consumers' buying decision<sup>[9]</sup>.

Tiffany & Co.'s main pricing strategy is premium pricing. Tiffany & Co. centers on the fine quality and innovative designs of the products. Gemstones used for Tiffany & Co.'s jewelry are exquisite and rare. Tiffany & Co. delivers products of the highest quality and exemplify style and creativity with each of products.

Price of Tiffany & Co.'s necklaces ranges from \$100 to \$185,000; price of bracelets ranges from \$195 to \$80,000; price of earring ranges from \$175 to \$48,000; price of rings ranges from \$175 to \$36,000; price of watches ranges from \$2,600 to \$135,000; prices of brooches ranges from \$300 to \$80,000; price of charms ranges from \$20 to \$13,500<sup>[5]</sup>. Tiffany & Co. has a quite wide range of prices which enables it to target at a wider range of customers, increasing its potential market. The brand also offers some products at a low price (\$30-\$60) to make items are more accessible by mass. This increases the sales and market share, which is evident where the products with lower price account for approximately a third of sales of the brand<sup>[10]</sup>. However, these lower price items bring

threats to the impeccable high-end status in the luxury jewelry market, decreasing sales on high-end jewelry[10].

High jewelry product line of Tiffany & Co. has a more prestigious price, which is only designed for high-end, private client of the brand. Extremely prestigious pricing excludes most of the mass from owning the jewelry.

### 2.2.3 Place

Place can be defined as the mechanism of the transportation of goods and services from the brand to the consumer[11]. This paper will focus on the channels of distribution and location choice of Tiffany & Co.

Tiffany & Co. implements an omnichannel distribution system, including direct and indirect distribution.

The brand sells its products in single-brand boutiques and flagship stores, which is a direct distribution method. By 2019, the brand operates 326 boutique stores worldwide[12]. There are a limited number of stores where the products can be purchased, creating exclusivity. The exclusivity of the product helps the brand avoid its value dilution, enabling it to maintain its prestigious image in customers' minds[13]. The geographical location choice of its stores is also significant. Tiffany & Co. only locates its stores in high-end localities that are populated by affluent, fashionable clients in order to maintain an exclusive image. Retail locations of Tiffany & Co. are selectively distributed around the globe and are located only in popular Central Business Districts[14] It has soon gained international awareness and presence since it has expanded its operations from the United States to overseas markets. Tiffany & Co. also locates its stores in airports such as Heathrow Airport for high-end travelers who enjoy luxury shopping. Tiffany & Co. also has a strong e-commerce distribution network. Tiffany & Co. sells most of its products on its official online store and provides descriptions and details of the products.

Tiffany & Co. also sells its products via corporate merchandising as its indirect distribution channel. Tiffany joined partnerships with some famous luxury fashion retailers like Net-A-Porter, designating them the authorized third parties to sell Tiffany products online. Fashion retailers will advertise the brand on a larger market, thus increasing brand exposure.

### 2.2.4 Promotion

Promotion involves communicating with and persuading the target market to purchase the product by identifying their needs and wants[15]. Promotion methods include color psychology, digital marketing, celebrity endorsement, etc.

Since 1998, Tiffany Blue® has been registered as a color trademark by Tiffany. The color was created exclusively by Pantone® for Tiffany in 2001 and was not publicly available[5]. The unique, vibrant color acts as a distinctive signature that grabs attention, which enables the brand to establish a strong brand identity and increases brand recognition.

Tiffany & Co. has implemented a successful digital marketing strategy, becoming a pioneer in digital marketing within the luxury industry. Digital marketing is the promotion of the brand using digital technologies [16] . Tiffany & Co. is active across social media platforms, which often introduces occasional marketing campaigns on social media platforms. Tiffany & Co. has created a variety of campaigns to showcase its products, brand's value, and history. In celebration of "520" in China, Tiffany & Co. opened the official "520" pop-up store on a Chinese social media platform Xiaohongshu and created a "520" campaign, which was a trending topic in China at that time.

Celebrity brand endorsement is also a key strategy implemented by Tiffany & Co. to promote the brand. Tiffany & Co. is visionary and careful in selecting a celebrity endorser who embodies the brand's spirit. In 2021, Chinese American skier Eileen Gu was appointed the brand ambassador. Her excellent performance and outstanding sports talent during the Winter Olympics left a positive impression on people, gaining soaring popularity and attention. The Tiffany Knot bracelet she wore during the Olympics captured people's attention and started trending on Chinese social media sites[17], making Tiffany & Co. a trending brand in China in 2022. This enhances consumer

recognition of the brand and strengthens the brand identity, which helps to differentiate the brand from competitors and attract new customers.

### **2.3 Other Situations**

This part of the paper will briefly analyze the direct competitors (by using the marketing mix model) and target customers (by using market segmentation) of Tiffany & Co.

#### **2.3.1 Competitor Analysis**

Based on market research, the direct competitors of Tiffany & Co. are Cartier, Blue Nile, and Bvlgari. Cartier offers jewelry, watches, accessories, leather goods, stationery, fragrances, eyewear, and home products. Blue Nile specializes in jewelry, mostly rings, and diamonds. Bvlgari sells jewelry, watches, leather goods, fragrances, and chocolates. Products of the three brands are all designed meticulously and crafted with skillful craftsmanship. The overall price range of Cartier and Bvlgari's jewelry is higher than the price range of jewelry of Tiffany & Co., whereas Blue Nile has a lower overall price range. Blue Nile also offers exclusive discounts and coupons to subscribed members. Cartier and Bvlgari also opened online store on Tmall Luxury pavilion to encourage purchasing by Chinese buyers. Cartier's annual sales revenue on Tmall reached approximately 1600 million RMB in 2021[18].

#### **2.3.2 Customer Analysis**

Market segmentation seeks to identify market groups or "sets of customers" that will serve as targets for the company's marketing strategies[19]. Tiffany & Co.'s target market can be subdivided by demographic, geographic, psychographic, and behavioral variables[20]. The demographics of Tiffany & Co.'s target market are aged from 25 to 50. In recent years, Tiffany & Co. has started to implement new market strategies to expand its target market to fashionable younger demographics, such as generation Z and millennials. Tiffany & Co. mainly provides its products to women, but it also offers men's watches and leather goods. Tiffany & Co. targets at demographics with middle to higher income. Tiffany & Co.'s target customers live in urban areas such as Shanghai, Beijing, New York, Tokyo, etc. The psychographics of Tiffany's customers include people who desire delicate jewelry and are fashion-conscious. They follow the latest fashion trends and admire fashionable celebrities. They enjoy travelling, shopping and skiing. In terms of behavioral variables, consumers purchase Tiffany & Co.'s jewelry for a fashionable appearance. Tiffany & Co.'s rebranding strategies to attract younger demographics is risky, which might result in losing customer loyalty of customers.

## **3. Brand Extension and Tiffany & Co. Marketing Strategies**

### **3.1 Brand Extension: Swot Analysis**

SWOT Analysis, abbreviated for strengths, weaknesses, opportunities, threats, is a business strategy tool that helps brands for strategic planning[20].

#### **3.1.1 Strengths**

Tiffany & Co. is established in 1837, which has more than a hundred years of history and brand heritage. This increases credibility by consumers and enhances its positioning as a classic jewelry brand in the market. Tiffany & Co. provide diversified product lines; hence the brand can meet more demand of customers, resulting in enhanced competitiveness. Marketing strategies implemented by Tiffany & Co. helps to enhance its unique brand identity and builds a strong brand recognition. The Tiffany® Setting ring has become the standard engagement ring setting, which establishes the status of Tiffany & Co. as the pioneer and classic in luxury jewelry market. Tiffany Blue® has become the icon of the brand, increasing its customer recognition of the brand. The brand has also gained global presence since its boutiques are selectively distributed around the world. It has also surged in international popularity due to its successful digital marketing and celebrity endorsement strategies.

### 3.1.2 Weaknesses

Tiffany & Co. offers some products at a low price to make items more accessible by mass. Although this increased sales, the low price point is perceived as diminished product quality and product exclusivity. This leads to a dual identity of the brand, which means that it provides both high-end and lower-end price points, causing it to lose its status as a high-end luxury jewelry brand. Losing perceived quality and the brand's dual identity leads to limited brand loyalty of premium customers.

### 3.1.3 Opportunities

In 2018, Tiffany & Co. opened a pop-up store on WeChat to sell the Paper Flowers collection, which soon started trending on Chinese social media sites. Additionally, Tiffany & Co.'s net sales in mainland China experienced a growth of over 50% in the third quarter of 2020, compared to the third quarter of 2019[21] Tiffany & Co. should launch its flagship store on the Tmall due to its outstanding performance and increasing demand in the Chinese market over the past few years. Building an e-commerce distribution channel on Tmall will be an excellent opportunity for Tiffany & Co. to expand its market in China. Also, since its competitors have already launched online stores on Tmall, Tiffany & Co. will increase its competitiveness if it also builds its e-commerce network on Tmall.

### 3.1.4 Threats

As mentioned above in 3.1.2, Tiffany & Co. now face perceptions of declining brand quality and changing brand identity. This creates incentives for its loyal premium customers to switch to other brands, decreasing its sales. Furthermore, Tiffany & Co.'s rebranding strategies, such as the campaign "Not your Mother's Tiffany," made loyal customers feel offensive. This might cause the brand to lose some loyal customers, which is very risky.

## 3.2 Recommended Marketing Strategies

The recommended strategies are proposed based on previous research, analysis, and evaluation of marketing strategies implemented by Tiffany & Co. The brand's opportunity is to open its online store on Tmall to increase competitiveness and encourage buying. In addition, the brand should be aware of its diminishing perceived product quality and dual identity caused by the lower price points. To achieve this, Tiffany & Co. can launch new products made with skillful craftsmanship at a higher price. This helps retain premium customers who appreciate high-quality, delicate jewelry.

## 4. Conclusion

Overall, Tiffany & Co. is an innovative brand with highly artistic designs and exemplary implementation of marketing strategies. Through the research, analysis, and evaluation of Tiffany & Co.'s marketing mix and concerning other possible situations, this paper has proposed two possible extension ideas for the brand. The author recommends that Tiffany & Co. open its online flagship store on Tmall to increase competitiveness and encourage purchasing, which will help the brand expand its market in China. The brand can launch new products made with skillful craftsmanship at a higher price to retain premium customers.

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