

Analysis of Successful Approaches of Classic Luxury Brand's Marketing Strategies Before and After the Digital Era

Taking Tiffany&Co. as an Example

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ABSTRACT

With the advent of the digital era, the dissemination of information, people's consumption level and concept, as well as the luxury market, all have undergone great changes, and these changes require marketing strategies to make adjustment. Nowadays, some new luxury brands are eager to establish their own brands and stand out, and some old luxury brands are also trying to adapt to the new era. Therefore, it becomes necessary to find marketing strategies suitable for new luxury brands and old luxury brands. This article aims to achieve that by analyzing the marketing strategies of a classic luxury brand that succeed before and after the digital era — Tiffany&Co. Tiffany's classical marketing strategies provide guidance for the brand building of the emerging luxury brands. On the premise of product quality assurance, unique design, brand story and identifiable characteristics are the foundation for building a brand, and celebrity effect is an important way to promote product sales and brand promotion. Moreover, Tiffany's adapted marketing strategies in the digital era could be used as reference for luxury brands with a long history. These marketing methods demonstrate that the old brands should utilize social networks, establishing platforms that allow customers to shop online and engage in different brands' activities. By using online platforms, these old luxury brands can increase their visibility, build their own brand communities and attract loyal customers. Also, retro element is an advantage that old luxury brands could use. Besides, the author found that selling affordable products, opening the market to people from many social groups might be a good way to adapt to the new environment of luxury industry.

Keywords: *Luxury marketing, Tiffany&Co., Traditional marketing strategies, Marketing strategies in digital era, Jewelry brand.*

1. INTRODUCTION

Marketing strategy is the method of selling products and promoting brand popularity. For product sales, good marketing strategies help to position the new product, define the targeted customer, and discover potential customers, so that advertising and publicity of the product could be put in more precisely. For brand development, marketing strategy is a good instrument for building brand images and highlighting the brand's unique characteristics. It helps the brand to establish and maintain a long-lasting and sustainable relationship with customers and other business partners, increasing costumers' loyalty of the brand. After the

society enters the digital age of the 21st century, the sales industry has undergone tremendous changes. For most brands, the development of the Internet and electronic products allows them to spread information faster and more directly. Companies can use a variety of new methods to promote products and make communication between the companies and customers easier. However, some luxury brands with a long history are facing the problem of adapting to the digital age. Luxury brands need to maintain a balance between exclusivity and utilizing marketing with optimal reach, making sure that the brand can survive in the market in the digital era. This requires large-scale publicity for each product while avoiding loss of exclusivity[1]. Besides, with the improvement

of living condition, a trend called luxurification of society appears, in which the middle-class consumers start to buy luxury to fulfill their aspiration needs. From that, “new luxury,” products and services that possess high levels of quality, taste, and aspiration but are not so expensive to reach, occurs [2]. These emerging luxury brands are now seeking for approaches to promote their products and build their own luxury brands. Therefore, this article will analyze the success factors of the old and new marketing strategies of the classic luxury brand Tiffany & Co. The author also analyzes these success factors to help new luxury brands build brands and help old luxury brands adapt to the digital age.

2. OVERVIEW OF TIFFANY&CO.

Tiffany&Co. is a renowned luxury brand that is steep in history and famous for its diamond jewelry. Its jewelry ranges from necklaces, bracelets, and earrings to rings. It also sells silverware, glassware, crystal, china, perfumes, decoration, and a variety of accessories. It was first established in 1837 in New York by Charles Lewis Tiffany. Initially, it was just a small stationery shop, but the ambitious Charles eventually made it into a world-class jewelry luxury brand. In the last two hundred years, Tiffany has always maintained its lofty position despite the time and changes in the surrounding. As a representative brand that displays the brilliant performance of marketing in both the past and the digital era, Tiffany’s traditional marketing strategies and new marketing strategies are both referential to the emerging luxury brands and the old luxury bands.

3. TRADITIONAL MARKETING STRATEGIES OF TIFFANY&CO.

3.1 Establishment of Luxury Brand

Before the digital era, product quality was the most important feature no matter it is a product from the normal brand or a product of luxury brand, because it was the core of traditional marketing strategy. Traditional marketing strategies usually treat customers more as rational decision-makers, so the focus of the marketing strategies is on products[2]. The way to promote products is usually by improving quality, performance, functionality and profitability. In 1851, Tiffany launched the first set of silver jewelry with 925% silver content in the world, later on, the 925% silver becomes the international standard sterling silver. In 1886, Tiffany introduced the classic “Tiffany®” Setting engagement ring, and designed the six-prong setting to imbue the diamonds.

This inlay method minimizes the volume of the metal to set off the diamond to the maximum extent and makes its light refract in all directions. After the six-prong setting appears, it immediately becomes the international standard of engagement diamond ring inlay. Its simple design style also launched the era of modern jewelry’s simple style. It is the high quality and innovative design that established the high position of Tiffany in jewelry luxury. At present, although quality is no longer the only core of marketing strategy as promotion methods grow to be more diverse, the products of luxury brands are still required to have high quality, since that is one of the fundamental elements of luxury. Also, unique style is essential for the establishment of a luxury brand. It distinguishes its brand from other brands that sell a similar type of products, helps the brand to stand out, and attracts fixed customer groups. Unique design style is an important factor in the success and popularity of Tiffany products. In fact, the design of a product needs not only to be unique, but also to be consistent with the products in the brand, otherwise the brand is more like a retailing store that sells high-quality products.

Besides the product itself, the establishment of a luxury brand also requires a unique brand story and concepts. Luxury brands in the old-time usually relate their brands with those nobles to raise the status of their brands. In Tiffany’s brand story, the first wave of jewelry it sold all came from European aristocrats. This successfully helped the brand join the ranks of luxury jewelry. Moreover, Tiffany is a luxury brand that is good at creating unique brand concepts. Among all of its concepts, Tiffany blue probably goes the deepest into the hearts of people. It is a kind of Robin egg blue, which is the symbol of romance and happiness, representing that lovers eventually unite in marriage. This color highly matches the major concept of Tiffany — “true love”, and also connects to a wedding tradition in the western world, in which there needs to be “something old”, “something new”, “something borrowed”, and “something blue” in the wedding[3]. Tiffany blue is just the “something blue”. The color successfully draws a connection between the brand and marriage, which makes people tend to think of Tiffany when choosing engagement rings or wedding rings. Since the first use of Tiffany blue in 1845, it has been widely used in Tiffany’s jewelry and packaging, becoming the exclusive representative color of Tiffany. The Tiffany Blue Box with white ribbon on the outside cannot be bought alone, and it has become one of the most recognizable designs in the history of packaging.

In short, creating a unique brand concept and style is the most important thing after ensuring the quality of products for those emerging luxury brands that are yearning for success in brands establishment. Product design, product packaging, brand story and concept are all the entry points that can make the brand unique.

3.2 Branding Promotion

After establishing the luxury brand, the follow-up publicity becomes very significant to the brand management. Advertising in the past is mostly accomplished through newspapers, posters, radio, and TV. The transmission ways of these media are quite narrow and not convenient due to the limitation of technology at the time. Although most of the traditional advertising strategies became outdated in the digital era, there is still a marketing technique that remains to be effective at the present day — the celebrity effect. In 1862, Abraham Lincoln, the president of the United States at the time, purchased a Tiffany seed pearl necklace and earrings for his wife, and she wore them to the inaugural ball. And, in 1878, Charles Lewis Tiffany purchased a 287.42-carat fancy yellow diamond, one of the largest and finest gemstones in the world. It was cut to 128.54 carats and named the Tiffany Diamond, which is now displayed at the Fifth Avenue flagship, attracting more than 300 visitors everyday. More importantly Audrey Hepburn, the superstar in the last century, once wore this yellow diamond in her classic movie —Breakfast at Tiffany’s. These events increase the exposure of Tiffany greatly and promote women in the upper class to buy Tiffany’s products to follow the fashion flow.

Accordingly, the emerging luxury brands could increase their brand awareness and promote sales by inviting celebrities to endorse their products, asking influencers on the internet to recommend their products, or inserting the products into movies, TV dramas, or other TV programs.

4. TIFFANY&CO.’S MARKETING STRATEGIES IN DIGITAL ERA

4.1 Changes of Marketing and Luxury Industry in Digital Era

The development of social networks in the digital era has changed the traditional communication mode. Now, brands and customers could have more direct, convenient and interactive communication with each other, which broke the traditional mode of

unidirectional communication. Additionally, the development of social networks also provides more channels and new platforms for brands to market, and the cost gets much smaller comparing to the past time.

Nowadays, because it is easier for brands to communicate with customers, brands can make adjustments based on customer responses or provide products that can better meet customers’ needs. Therefore, the major focus of marketing gradually shifts from products to customers. The mainstream approach that is growing worldwide is called experiential marketing. This is experienced-based marketing that emphasizes interactivity, connectivity and creativity, and focuses on the needs, requirements, and taste of the consumers [2]. It helps customers to understand the brands, cultivate customers’ loyalty, and promote the products.

Besides the changes in the marketing environment, there are also changes in the luxury industry, which require adjustment of brands’ marketing strategies. Due to the improvement of living standard and income, people’s consumption level and consuming desire have become higher, which contribute to the differentiation of the luxury market. The first level in the modern luxury market is an inaccessible luxury which is the closest level to traditional luxury. It targets consumers that are in a distinct social class which could afford traditional, rare and unique items. The second level is the intermediate luxury which aims to offer value to the middle class with prices that are affordable for them. The last level in the luxury market is an affordable luxury which is affordable for most people in a normal social class [4].

4.2 Adaptations of Tiffany&Co’s Marketing Strategies

Tiffany adapts to the digital era very fast. It quickly established its official website, which provides consumers with brand history, creation legends, and information about exceptional quality craftsmanship and materials, and allows customers to shop online. In 2011, Tiffany launched the campaign — “What Makes Love True”. Tiffany established a micro site and published an application. A short film created by director Edward Burns called “Will You Marry Me” was first released. It captured the love stories of various couples throughout New York City. The website also recorded the love stories of Tiffany buyers and encouraged people to share how, when, and where they experienced true love. People could post their stories on Twitter or Facebook, uploading Instagram images, and utilizing geolocation to mark

the scene of a memorable “true love” moment. Besides, the website includes classical romantic movies, love musics, and recommendations of dating places. Through the interaction between the brand and customers, this campaign not only improves the brand popularity, but also builds its own brand community that helps to cultivate customer loyalty. In 2012, the second year after the campaign’s implementation, Tiffany ranked number one among thirty five jewelry and watch brands in L2 Think Tank’s Digital IQ Index[1]. This successful adaptation to social networks sets a very great example for other luxury brands that are steep in history. They should learn how to utilize social networks as soon as possible to spread their product information, build brand culture and cultivate customers’ loyalty. Tiffany also makes good use of the advantage of luxury brands with a long history. Since the old luxury brands have longer history than the new luxury brands, they could re-apply the brands’ classical elements. The use of retro elements achieves the purpose of publicity and deepens the brand’s particular hallmark. For example, Tiffany’s jet-setting themes and black holiday-card color cartoon poster marketing portfolio that were popular in the 50s and 60s have had reappeared in the 21st century[5]. This strategy is quite referential for those luxury brands with a long history as well.

Moreover, Tiffany’s change in its positioning with the changes in the luxury market contributes greatly to Tiffany’s success in modern times. With the rise of people’s living standards, people’s consumption desire and capability soar. If the old luxury brands start to sell products that are affordable for people in many social classes, they might gain more profits than merely selling luxury to people in the upper class, since the customer base is much bigger. Furthermore, exclusivity used to be one of the foundational elements of luxury. But in an era with various products and diversified marketing strategies, if old luxury brands still stick to exclusivity, they probably face the threat of being forgotten. Tiffany quickly realized that they needed to change their existing marketing strategy. The company adjusted its brand positioning by selling affordable jewelry. In this way, the brand is no longer only opened to the upper class, but a brand that is approachable for many people. Its classic series of keys and heart are very representative examples. This change ushered in a wave of development peak of Tiffany after entering the digital era. Its low-priced jewelry, which sells for less than \$500, has become responsible for the major volume of sales[6]. Tiffany’s experience shows that old brands can also have new developments. In other

words, luxury brands with a long history can also adjust their marketing strategies in a similar way to expand the market and customer base.

5. CONCLUSION

For emerging luxury brands, excellent quality, unique style, and characteristics are the foundation of brand building. The brand, Tiffany&Co., accomplished that by inventing the unique design of a six-prong setting and setting up the 925% silver standard. Its brand story and the iconic brand color “Tiffany Blue” also helped Tiffany to stand out. In the follow-up stage of brand promotion, Tiffany effectively used the celebrity effect to enhance its status and popularity. For emerging luxury brands in the modern time, the endorsement and promotion of celebrities is still a very effective marketing strategy. Comparing to traditional marketing strategies that mainly focus on the products, marketing strategies in the digital era focus more on customers. The improvement technology allows the communication and interaction between brands and customers to get more direct, convenient, and with a low cost. Therefore, for those old luxury brands, they should use the new social platform to promote their products as soon as possible and create their own brand communities through social media, in order to attract a loyal customer community. Furthermore, retro element of the old brands is also an advantage that the brands could use to accentuate their brands image. Besides, it is necessary for luxury brands with a long history to change their positioning to adapt to the digital age. These brands could gain a larger customer base and a broader market by selling affordable products.

AUTHORS' CONTRIBUTIONS

This paper is independently completed by Tianxin Li.

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