

TIFFANY & CO. SOUTH AMERICA

Team 5



TIFFANY & Co.
VISION & VIRTUOSITY

AN EXHIBITION CELEBRATING 180 YEARS OF ARTISTRY
AND EXCEPTIONAL DIAMONDS AT TIFFANY

MKT 365 - MARKETING PLANNING & STRATEGY

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Region Description & Analysis



South America is compiled of 12 sovereign countries: Columbia, Bolivia, Argentina, Chile, Peru, Uruguay, Brazil, Paraguay, Venezuela, Guyana, Suriname, and Ecuador. The entire region has a population of approximately 418.7 million - the most populated country being Brazil (World Population Review, n.d.). The average GDP growth for the region is 3%, with Paraguay experiencing the highest growth rate at 4.30% (The World Bank Group, n.d.). As of April 2020, Tiffany & Co has 14 stores in the South America region - 6 stores in Brazil, 3 stores in Paraguay, 1 store in Chile, Columbia, Ecuador, Peru and Uruguay (Tiffany & Co., n.d.). In order to construct an effective marketing plan and marketing strategy, a deeper evaluation of the characteristics of South America's luxury market and their socio-economic standing is required.

In terms of their luxury market characteristics, the current total market share of luxury products of Brazil, Mexico and Argentina is approximately \$5

billion, which is relatively small compared to other regions such as North America or Europe. This can be due to the fact that many of the current luxury goods consumers in South America are tourists. Due to the fact that many countries within the region are still as an economy, poverty rates are still high and the only people who are able to afford luxury goods and jewelry are the “upper-class” population and tourists - whom are arguably considered to be a relatively niche market.

Fortunately, many of the economies are currently facing steady growths and their middle-class population are steadily increasing as well. According to Fitch Solutions Macro research, it is shown that the number of households with disposable income of \$75,000 and above, typically have the ability to purchase luxury goods. In Latin America, this will represent a total of approximately 1.4 million people mainly in Brazil, Mexico, Colombia and Chile (as of 2019). Additionally, according to a Credit Suisse wealth report, in 2018, Brazil had approximately 154,000 millionaires, a third of which were under 35 years old. These statistics can indicate that there are currently people in South America that can afford luxury jewelry and the market has potential to grow continuously each year.

Target Segmentation

For the purpose of establishing an effective marketing strategy, it is vital that Tiffany & Co clearly identifies their target segment and who their customers are. It is recommended that Tiffany’s target millennials and Generation-Z due to the fact that they are currently the population that dominates most markets and industries. Millennials are currently majority of the workforce and Gen-Z are also starting to enter the workforce, thus, both generations combined have a lot of buying power. Aside from age, the target consumers should be people who are classified as Achievers (Strivers) and Experiencers (Maker) on the VALS Framework. These are the groups of the consumer who express themselves through displaying wealth, achievements and status.

Consumer Profile:

Millennials (1981-1996) & Generation Z (1997-2002):

- Individuals looking to get engagement rings and/or marriage bands.
- Middle-class income and above individuals looking to purchase a more “affordable” option for luxury product or jewelry for loved ones.
- Individuals looking to purchase jewelry with an established brand name attached to it.
- Individuals looking to display their status through their jewelry.
- Individuals looking to purchase luxury home goods and office supplies that has a luxury brand name attached to it.

Competitive Environment

Tiffany & Co’s main competitors are certainly Swarovski, Pandora, Cartier and local jewelry stores and retailers. Swarovski, Pandora and Cartier are Tiffany’s direct competition due to the fact that they all operate within the luxury jewelry industry. Cartier would be positioned as slightly more expensive while Swarovski and Pandora are positioned as slightly less expensive, when compared to Tiffany’s. Local jewelry stores and retailers are arguable Tiffany’s biggest competitor in South America. 77% of Jewelry sales in Latin America are made through jewelry and watch specialist retailers in 2017 (Rolland, 2018). At the regional level, 95% of fine jewelry sales are made through these specialist stores, as consumers buying fine jewelry prefer to buy it in specialist retailers to have the in-store experience and receive advice before committing to a purchase (Rolland, 2018). This suggests that many consumers in South America might prefer locals store, personalization and having personal relationships with stores, over brand names. This could pose as a problem for Tiffany’s as well. Non-store retailing is also a significant channel for costume jewellery, accounting for nearly 16% of the category’s value sales in Latin America (Rolland, 2018).

Strengths	Weaknesses
<ul style="list-style-type: none"> • Well-known brand - established name • Strong financial position 	<ul style="list-style-type: none"> • Expensive • Cultural barriers
Opportunities	Threats
<ul style="list-style-type: none"> • Growing demand for luxury jewelry • Growing middle-class populations 	<ul style="list-style-type: none"> • Costume jewelry is the fastest growing market • Counterfeit products on the market • Majority of the population have lower income

Table 1. SWOT Analysis of Tiffany & Co.

One of Tiffany's biggest strengths is the fact they are already an established, well-known brand. This would be a great asset to them when needing to market to the target customer segment mentioned above because people would generally associate their brand with the ideas of prestige and wealth. Furthermore, due to their acquisition by LVMH as well as their own prior success, Tiffany's is also in a good financial position and has tremendous financial resources to reinvest into their expansion into South America.

Some of their weaknesses include expensive operations and cultural barriers. Expanding and improving operations into South America might be quite expensive for Tiffany's in terms of having to hire and train workers, as well as obtain physical store locations, and shipment and fulfillment centers. Furthermore, since Tiffany's is an American and majority of its key personnel are Caucasian or of a Western origin, it might be challenging for Tiffany's to integrate into the Latin American cultures of South America.

Tiffany's opportunities consist of growing demands for luxury jewelry which also correlates with the growing middle-class population in South America. On the other hand, some of their threats would also include the rapidly growing costume jewelry market, the increase of availability of high-quality counterfeit products, and the fact that although the middle-class population are increasing, living standards are still relatively low and many of the population are still in poverty.

Challenges

One of the certain challenges Tiffany & Co currently faces in South America is the COVID-19 pandemic. The consequences of the pandemic have led to the closure of all existing Tiffany's stores in South America as well as the unemployment of workers. Due to these circumstances, many people are not looking to spend on nonessential goods and luxury goods. For instance, an additional 12.6 million people are currently facing unemployment due to circumstances relating to coronavirus in Brazil (Saravia, 2020). Therefore, Brazil's GDP is expected to shrink by 3.4 to 7 percent, and average income is expected to fall by 5.2 percent in 2020 (Saravia, 2020). These economic setbacks could present as a problem for Tiffany & Co everywhere as, as less people are employed, the market will start consuming less and have lesser purchasing power.

Aside from challenges relating to COVID-19, Tiffany & Co would also face challenges regarding their liability of foreignness. As they are a foreign company to all countries in South America, people might be less inclined to buy their products because some people might prefer supporting local businesses over a multinational corporation. Another challenge can also be the language and cultural barriers between an American company and the Latin community. Tiffany & Co would need to work closely with accurate translators and managing executives would need to receive proper cultural training in order to avoiding insensitivity and/or offense towards consumers within the Latin America communities.

LVMH Synergies

How LVMH synergies might benefit Tiffany's is through the fact that LVMH is a major corporation, owning hundreds of brands ranging from high-end cosmetics to fashion to fine products, such as jewelry, and have tremendous amount of resources and connections. Tiffany's would have access to a large assortment of popular brands to collaborate with or possibly partner up with within the future. For instance, Tiffany's could participate in a collaboration producing a high-end Tiffany's Blue luggage line with Rimowa. Furthermore, the benefits the tremendous amount of resources LVMH has can offer Tiffany a strong financial backing and access to all the famous and established designers signed to other brands under LVMH. They would also have access to more suppliers which might help Tiffany's reduce their manufacturing costs as well as other processing costs.

Since Tiffany's target customer segment is somewhat similar to many of the target segments of other brands under LVMH, they might also have access to market research or consumer data that other brands have collected. For instance, Tiffany's might be able to access data and statistics regarding Bulgari's jewelry segment and its performance in the South American region - statistics that might be helpful to their own marketing practices and strategies. Lastly, since most of the brands under LVMH have endorsed many celebrities previously, Tiffany's would also be able to connect and work with those celebrities as well. Furthermore, since Tiffany's and LVMH are both established companies, celebrities would be more willing to endorse their products due to the prestige attached to both brand names.

Strategy

During this COVID-19 pandemic, it is extremely important for Tiffany's to maintain their relationship with their customers. Tiffany's need to ensure that they are not pushing customers to make purchases, but rather, encourage customers to stay home and inspire hope. It is vital that Tiffany's do not come off as another ignorant brand out for profit. This can be done through social media and launching social media campaigns raising awareness and encouraging

people to stay home. Since one of Tiffany's key strategic priorities is to "amplify an evolved brand message" (Tiffany & Co, n.d.), this strategy would also help them achieve this goal.

Tiffany's should also consider donating to South America charities or food banks to help relieve the negative social impacts of COVID-19. They can donate necessities such as food and face masks to hospitals as well. This would help them gain goodwill and would also make consumers more susceptible to buying from a foreign brand. They can also offer free shipments online and offer free online consultations on purchases such as what gifts might be best for a birthday or anniversary, etc. They should increase online customer service agents - ensure that all customers or prospective customers have their questions answered within a timely manner.

Some of Tiffany's competitive differentiation is the fact that their brand is extremely popular and well established. We've had tremendous amounts of references to Tiffany & Co such as the movie *Breakfast at Tiffany's*. Many people are aware of the brand and those who desire to display their status would look to owning a few of the iconic Tiffany Blue boxes. This can help entice the rising middle class in South America into purchasing products from Tiffany's in order to show their social status and wealth. Although Tiffany's has many ridiculously expensive jewelries, they also have a lot of products that's within somewhat affordable ranges, such small necklaces, earrings and charms.

Marketing Plan

Promotional Mix	Place	Products
<p><u>Social Media Marketing Campaigns</u></p> <ul style="list-style-type: none"> • Extensive advertisements on popular social media platforms. • Aesthetically pleasing promotional pictures and videos. • This will increase brand awareness and brand recognition among target segments since our target segments are avid social media users. <p><u>Celebrity Endorsements</u></p> <ul style="list-style-type: none"> • Have popular Latin celebrities endorse the brand or advocate for the brand. • This will increase desire among consumer. <p><u>Visual Advertisements</u></p> <ul style="list-style-type: none"> • Start airing TV advertisements and posters around malls and heavily populated 	<ul style="list-style-type: none"> • Ensure that there are Tiffany & Co. stores in major cities and malls - so that people will be able to purchase products. • Online delivery to all SA countries. 	<ul style="list-style-type: none"> • Emphasis on classic Tiffany's Jewelry & Accessories - such as the sterling silvers and diamonds. • Blue Boxes Tiffany's Packaging for all Items • Introduce a new product based on Latin American culture and costume jewelry. • Collaborate with Latin or local South America artists or brands.

<p>areas (possibly featuring famous Latin Celebrities).</p> <ul style="list-style-type: none"> • This is to increase awareness and create desire within consumers. 		
Price	People	Physical Evidence
<p>Premium-pricing Strategy</p> <ul style="list-style-type: none"> • Current price as expensive and high-end <p>Expansion into lower priced products</p> <ul style="list-style-type: none"> • Start launching and promoting lower priced products such as keychains or small necklaces. <p>Allow installment payments</p> <ul style="list-style-type: none"> • For example, in Brazil, the largest fine jewellery market in the region, watch and jewellery retailers managed to stay afloat despite the economic crisis, thanks to services in store and flexible payment options. 	<ul style="list-style-type: none"> • Push incentives on sales to meet targets by giving sales-based commissions or monthly bonuses. • Improve customer experience by providing training to sales team. 	<ul style="list-style-type: none"> • Open a store in Argentina. • Incorporate local cultures into stores while maintain original design blueprints.

Therefore, it is recommended that Tiffany & Co's strategy for South America for the rest of 2020 involves donating to Latin American charities and

food banks, launching extensive online social media campaign to raise awareness about COVID-19, and contacting popular Latin celebrities for possible endorsements. They should also work to improve customer service and online customer experience during this time when their stores are closed, and their employees are at home. This time in lockdown can be used to train workings on how to use customer experience platforms such as salesforce as well as train them on sales techniques and cultural etiquettes.

Our recommendation for Tiffany & Co in South America for the next 3 years involves improving their overall online presence through extensive social media campaigns, endorsements and creating a desirable brand image to the consumers in the South America region by emphasizing on how Tiffany's can provide people with a "high-class" image by wearing their products and owning those iconic blue boxes. They should also launch collaborations with other LVHM Brands or prominent public figures within the Latin community in order to create hype and increase brand awareness and recognition. They should also consider launching products exclusive to South America such a line of silver costume jewelry, etc., in order to have an advantage over other international luxury jewelry brand as well as to make their customers feel special and have an incentive to buy from Tiffany & Co. in South America rather than travelling and purchasing Tiffany & Co products in North America or other regions. This is because people would be more inclined to purchase from an international brand if it offers something different and exclusive for that certain location or region.

Measurements

To measure the effectiveness of strategies mentioned above, Tiffany's can measure sales performance of stores within the region, both physically and online. They can also survey locals to see how many people are able to recognize the brands and recognize the values it proposes. Tiffany's can also track website traffic for South American Tiffany & Co webpage as well as physical stores foot traffic. More web and foot traffic would indicate that more people are becoming interested in the brand.

Tracking regular clients and identifying which consumers are the type of people making repeat purchases can also help us narrow our marketing strategies and efforts. We can also see whether people are engaging with the

brand through tracking social media mentions and recording the amounts of newsletter subscriptions as well as registered accounts.

Team Dynamics

Due to the circumstances of the COVID-19 pandemic, many of us are unable to meet in person due to social distancing as well as locational differences. It was very challenging to schedule any sort of meeting due to the fact that we had to communicate through text messaging and emails. Having to communicate solely through those virtual social platforms allowed people to ignore messages and feel compelled to respond. Many of the team members were not aware of what our team project was or when it was due, therefore, no one would communicate or respond to messages until it was announced that the project was due within a week's time. Furthermore, due to these circumstances, there was also no way to convince members to participate and finish their work on time. Therefore, I (Kuntheroath Chiv) ended up having to complete both the presentation and the submitted document by myself. Unfortunately, due to not having any form of personal relationship with any of my team members, no one felt inclined to offer help or offer gratitude for the produced end result. For a better context, members not only did not contribute to any of the work done, but they had also refused to present more than 2 slides and refused to do introductions and conclusions for the presentation during our Zoom classes.

Overall, not being able to see and work with each other physically was very unpleasant for this project in particular as members felt detached from one another as well as detached from the project. I suspect that not being able to see each other physically caused individuals to dehumanize one another and disregard the assignment.

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