

The Solution of "Omni-Channel Marketing" For Luxury Brands In Digital Environment--Take Tiffany & Co. For Example

Liu Yu

(Liu Yu Master Student School Of Management Of Shanghai University 200444)
Corresponding Author:Liu Yu

ABSTRACT: *China's unique digital environment offers tremendous opportunities for luxury brands. At the same time, as an advocate of fashion trends, luxury brands are highly sought after by consumers for their superb quality and unique products, and have an absolute influence on purchasing decisions. In recent years, all major luxury brands are constantly exploring the digital field, but because luxury goods are different from the characteristics of ordinary retail goods, the "e-commerce" of luxury goods is not easy to do. "E-commerce" cannot be effectively integrated with the original resources, so the results are minimal. In August of this year, Tiffany & Co., a luxury jewellery brand, ended its seven consecutive quarters of sustained losses, ushered in a recovery in sales. Tiffany & Co. boldly innovates and combines its own brand characteristics with a new "omni-channel marketing" model, breaking through the new era of luxury goods, and bringing new enlightenment to the development of the brand in the era of e-commerce.*

KEY WORD: *Digital environment, Luxury, Omni-channel marketing, Tiffany & Co.*

Date of Submission: 20-02-2019

Date of acceptance: 05-03-2019

I. TWO MAJOR TRENDS IN THE LUXURY MARKET

1.1 Commercial Digitization

In recent years, the deepening of digital has had a profound impact on the retail industry. The emergence of new elements often means the emergence of subversive patterns. In China's digital environment, with the increase in mobile network data usage, the continuous improvement of third-party mobile payment and the rapid development of the logistics industry, luxury brands are aware of the importance and inevitability of developing digital channels. According to the survey, although the online sales of luxury goods are far lower than the sales of offline stores, the growth rate of online sales is very high, which is undoubtedly determined by consumer demand: the needs of a new generation of consumers. Most of them are affected by the different degrees of digital carriers, and the path to satisfy these needs is closely related to the sustainable development of enterprises.

1.2 Consumer Rejuvenation

Chinese luxury consumers are showing a trend of rejuvenation. According to the World Luxury Association, the data shows that the average age of Chinese luxury consumers has dropped from 35 to 25, and millennials will become the main force of luxury consumption. On the one hand, millennials are more self-motivated and advocate the use of luxury goods to create a more exciting lifestyle service. Their willingness to consume is stronger, and at the same time they have more disposable income. On the other hand, due to the influence of the digital environment, they are more different from search to decision to purchase and feedback. The Deloitte report shows that about 40% of the younger generation of luxury consumers are buying through digital channels.

II. "THE DIGITAL CHANNEL OF LUXURY GOODS" IS DIFFERENT FROM "ANOTHER NEW CHANNEL"

Commercial digitalization and the rejuvenation of luxury consumers have created consumer demand for digital experiences. Mr. Ye Maozhong once mentioned in the book "Conflict": "The highest point of the brand design is to communicate and connect with consumers continuously, and to solve the conflict caused by consumers. To build strong brand power needs to return Consumers' inner needs. "Therefore, in order to meet this demand, enterprises must build digital channels through the potential of e-commerce. In the past five years, many luxury brands have practiced digital channels and various digital means, such as digital marketing on the two digital media of WeChat and Weibo, or active in the form of short videos. However, these attempts did not successfully convert the brand's influence on the network into brand sales. The author believes that this is caused by a fragmented channel experience. In today's "consumer-centric", companies should create new

business models and marketing parties from the perspective of consumers. For consumers, online or offline is not the focus of their concern. Actually, their true appeal is a more convenient, smooth and personalized shopping experience. Correspondingly, Enterprises should not simply regard e-commerce as an addition to an "e-commerce sector", nor should they simply regard digital channels as "another new channel".

III. THE NECESSITY OF LUXURY "OMNI-CHANNEL MARKETING"

From the consumer's point of view, they are more inclined to buy luxury goods online, but before buying a decision, they often go online to get a comprehensive understanding of the product's specifications and efficacy for the products they want to buy. They not only compare information from a variety of digital media and platforms, but also gain experience and experience from other users through online communication from the online community. Based on this complete set of product information, offline stores can provide them with an experience that is not available online, and is a scene to get real feelings. Some consumers will even return to the online for comparison and reanalysis. In other words, online and offline are not independent or opposite channels. Only by accelerating channel integration and re-planning omni-channel marketing programs can brands provide consumers with innovative and diverse consumer experiences.

Omni-channel marketing has emerged along with the rise of omni-channel customer base. The rapid development of the digital environment has created an era of great transparency. Customers are increasingly using more channels to collect information, and the corresponding channels of production, payment, and logistics are becoming more diverse. Omni-channel marketing matches the types of these channels according to the preferences of different target customers, and correctly combines marketing elements through marketing positioning to achieve the company's goals.

Why do luxury brands want to explore omnichannel marketing? Under the premise of "consumer-centric", this transformation of marketing methods must be determined by consumer shopping habits. For example, when consumers buy a luxury bag, consumers will get omnichannel information and decision-making from search, purchase to feedback. First, consumers will search across the omnichannel: When a consumer decides to buy a bag, he will pay attention to the billboard in the subway station on his way to work. When he returns home, he will turn on the TV to pay attention to whether there is leather advertising, open the computer for related searches, and then check the styles and ask friends on the WeChat experience. Consumers then choose from a holistic approach, choosing not only which brands to buy, but also whether to buy personalized products and participate in design. Next, consumers will buy it omni-channel. This omni-channel covers many parts such as placing orders, paying, and picking up parts. The brand's omni-channel sales also determine that he can meet the changing and random consumer needs. Finally, consumers will respond to omnichannel. As consumer feedback continues to expand, it is especially important for brand loyalty to receive and process consumer opinions and suggestions in a holistic manner.

IV. THE KEY POINT OF LUXURY "OMNI-CHANNEL MARKETING"

4.1 Firmly Grasp the Young Customer Base

In the era of offline stores, the target customers of luxury brands are mostly located in the more prosperous first-tier cities. They are more concentrated and the stores can achieve effective coverage with a smaller number. Therefore, brand stores generally open in first-tier cities and some secondary cities. In the omni-channel era, as the target customers "millennials" are more distributed to the key cities and surrounding areas than the previous generation of luxury customers, they are no longer concentrated in the first-tier cities. The customer coverage of luxury brand stores is reduced, making it difficult to establish effective links with the previous store size, which is also an important reason for the decrease in customer viscosity. In order to solve this stalemate, the brand needs to find blind spots in offline stores through e-commerce channels, and connect to more young consumers to achieve business growth. The younger generation of consumers have distinctly different characteristics. Therefore, brands need to dig deeper into the needs of consumers in a timely manner, and even learn more quickly than the true desires of their hearts, and change their own image from these desires. Brands need to cater to the times with customized products and offer a new shopping experience through a lighter store design.

4.2 In-depth Analysis of Consumer Data

In the era of online store-based stores, the source of data for brand customers is limited. Although the sales of luxury goods stores have been as high as 90% before 2016, the stores only collect customer information about purchases. What brands can do is to understand consumers based on this information. In contrast, today, with the development of digital technology, the benefits of digital environment are two-way: on the one hand, consumers browse the website information before purchase to compare and use social media and user reviews to learn about product features. On the other hand, the brand traces the consumer's browsing traces from the idea generation stage to the purchase decision or even the feedback. The brand is supported by a powerful database

and algorithm model to deeply explore consumer data and analyze potential consumer needs. The brand must first express: we know customers better than customers themselves! What brands must do is to create a resonance point that can touch consumers and find relevant points between consumers and brands, because consumers never care what you say, no matter how elegant your advertising language is. They care only for themselves!

4.3 Fully Open the Channel Network

In the era of offline stores, the release of new products often begins in the show, and then extends to offline stores for sale, and finally will be sold online. However, this method is unfavorable in the e-commerce era. The e-commerce channel is placed at the very end of the entire information flow and cargo flow. There is a time delay between the offline store and the e-commerce channel in both information and goods. This drawback does not exist in omni-channel marketing. Today's luxury new products are often released on the Internet simultaneously. Consumers can watch the live broadcast at the same time as the e-commerce channel, and the offline stores will also display the products for the consumer experience. In order to find an effective omni-channel experience, some brands are also trying to take advantage of the new concept of "flash" that is popular among young people today. These brands use the post-90s spokesperson to bring the brand closer to younger consumers, expand the network's influence, and launch limited and customized products to effectively transform potential business opportunities. Omni-channel network makes it possible for luxury purchases to take place in any scene.

Benefiting from the development of the digital environment, the online sales of luxury goods in the Chinese market has jumped to the second place in the world. It is worth noting that half of the luxury goods transactions are conducted through smartphones. More and more luxury brands are aware of the importance of digital channels in the Chinese market. They hope to attract more consumers by using big data technologies and platforms from third-party platforms such as Tmall and Jingdong Mall. However, there are two main reasons for the difficulty in the development of e-commerce for luxury goods: one is that luxury goods have a high single-transaction volume, but the frequency of purchases obtained from a limited target population is quite limited. The other is that luxury scenes require a higher level of experience. Compared to online shopping, consumers are more willing to shop at the store. Therefore, there have been few luxury brands that have successfully developed e-commerce in the past five years. It is worth noting that Tiffany & Co. successfully reversed the turnaround in 2018 with its "omni-channel model", demonstrating a brand-new development model for the brand's e-commerce development.

V. TIFFANY & CO.'S NEW ERA DILEMMA

Tiffany & Co. is a jewellery watch brand known for its long history and gorgeous design and is a symbol of American design. As the brand's classic and logo, Tiffany & Co.'s blue gift box and eight-claw inlaid diamond ring have always been loved by consumers who pursue retro luxury style. Tiffany's Breakfast, starring Audrey Hepburn, paints a romantic color for Tiffany by telling a story about finding happiness in ordinary life. However, Tiffany & Co., a luxury brand that has been popular for nearly two centuries, has also experienced a recession at the time of the Internet era. The beginning of the recession was in 2015. This year, Tiffany & Co. saw its first sales decline in five years, closing 11 stores, and only 8 in the Asia Pacific region. There are two main reasons for the deadlock in Tiffany & Co.:

5.1 Rigid Brand Positioning

The survey found that the younger generation of consumers see Tiffany & Co. as a luxury in different eras, with young customers being severely lost and customer share falling sharply. In order to avoid being titled "Old World Luxury", Tiffany & Co. launched its silver collection "Tiffany T" for young and independent urban women in 2016. Although this series attracted a small number of low-consumer groups at a lower price, the positioning of this series is different from the luxury positioning of other jewellery, so it does not drive the sales of other jewellery. In 2017, Tiffany & Co. followed the cooperation of Hong Kong jewellery brand Chow Tai Fook and Korean cosmetics company Ess, launched the HardWear series of jewellery and selected Lady Gaga as the image spokesperson, hoping that it will pass on the determination to seek new ideas with the controversial image of Lady Gaga. Disappointingly, because Lady Gaga's cool and handsome image and Tiffany's original elegant image are unacceptable to consumers, this series of products did not save Tiffany's seven consecutive quarters of sales decline.

5.2 Neglected E-commerce Marketing

E-commerce is beneficial to the development of the luxury goods industry: Luxottica, a luxury eyewear giant, settled in JD.com in 2015, and its own brands such as Ray-Ban, VOGUE, OAKLEY and other 14 first-line luxury licensed brands implement online and offline products. The same-price strategy explores

online channels and achieves the goal of 80% market share in high-end glasses. In 2017, British luxury brand Burberry and Tmall's first super-brand day reached five times the sales on weekdays. Although, as early as 2016, Tiffany & Co. tried to collaborate with Net-a-Porter, a luxury-focused e-commerce company, but simply sold some of its products on this platform without paying attention to the interaction of the scene. Tiffany & Co.'s 2017 financial report shows that Tiffany & Co.'s e-commerce business sales accounted for only 6% of total sales. At the same time, Alibaba and JD's initiatives to sell luxury goods online will lead Tiffany & Co. to miss more market opportunities.

VI. COUNTERATTACK BY TIFFANY & CO. - "OMNI-CHANNEL MARKETING" SOLUTION

2018 is undoubtedly a year of twists and turns for Tiffany & Co. In the first half of 2018, the financial report showed that Tiffany & Co. sales were warming up, sales of all merchandise types increased in all regions, sales increased by 13% year-on-year to US\$2.1 billion, and all regions and commodity types achieved growth. Sales in the Asia Pacific region were particularly good, with sales up 28% year-on-year to \$629 million. Philippe Galtié, executive vice president of global sales at Tiffany & Co., said: "Tiffany & Co. strives to comply with the wave of digital innovation in China, support the offline scene, adhere to the brand reputation and image of the past 100 years, and continue to explore the new platform. The pursuit of innovation, in order to achieve online and offline collaborative operation, has become a new generation of luxury jewelry brands that consumers love."

6.1 Creative New Product Reinvents Brand Image

Tiffany & Co. redefines the brand image and targets the millennial generation seeking self-identity to encourage personality, creativity and self-expression. Through the positioning analysis of Pandora, a popular brand that is popular among millennials, Tiffany & Co. recognizes that the new generation of consumers really needs a different self, a new product that is personalized and customized. Tiffany & Co.'s new Tiffany Paper Flowers collection, launched in 2018, combines superb jewellery craftsmanship with natural elements in the theme design, making the entire collection abandon the traditional concept of luxury jewellery. It is designed to be worn to suit any occasion, and ultimately captures the eyes of millennials. Next, Tiffany & Co. followed the example of Bulgari and Cartier, and invited Ni Ni as the spokesperson of the brand image of China. Her noble and fresh natural temperament and the theme image of the new flower rhyme series are deeply matched. "I often think about what I am pursuing. It may be a character that suits you, or a work that will never be forgotten by the audience, or a career in fame and fortune. I later found out that these are not. I just want to be myself." While Ni Ni is telling her self-seeking, she also shows Tiffany & Co.'s pursuit of self-confidence and individuality. Therefore, the flower rhyme series has been immediately sought after by consumers.

6.2 "Flash"Marketing Optimizes Shopping Experience

One of the most worthwhile aspects of Tiffany & Co. is that it goes hand-in-hand, focusing on customization and personalization, and creating a scene that is easy to interact with consumers. This is also the insistence of luxury on the "customer experience". Tiffany & Co.'s collaboration with Luxury Pavilion, the exclusive platform for Tmall's luxury products, is not only the first exploration of online flash shops, but also the first online product launch in the past two centuries. Although there are many shortcomings in this online flash shop, such as long warm-up time, old-fashioned marketing highlights and lack of detonation topics, it is a bold test of luxury product optimization. First of all, Tiffany & Co.'s flower rhyme series jewelry was first published on the line, the new product was released for a limited time, and the offline sale was delayed by two weeks than the pre-sale. The change of the direction of the extension channel made the new product spread faster and wider. Second, Tiffany & Co. has developed a broader price range that not only covers a wide range of target consumer groups, but also tests consumer preferences on the Tmall luxury platform. Finally, Tiffany & Co. has created a perfect VIP exclusive experience, such as online buyers can get a limited edition offline new product launch event invitation, merchants provide round-trip air tickets, special car transfers, hotel accommodation and other exclusive services.

6.3 The First Concept Store Promotes Fun and Interaction

In July 2018, Tiffany opened its first new retail concept store called "Style Studio" in London, which aims to enhance the interaction between customers and brands in leisure and entertainment. In order to distinguish it from traditional stores, to get rid of the cold and mysterious image of luxury jewellery and to create a more intimate, innovative and young store image, Tiffany proposed a new marketing plan: the employees in the concept store took off the regular black suit. They wore comfortable casual wear and sneakers with casual jewellery accessories to create an environment where guests can relax. The store offers classic products and custom jewellery on the Make It Tiffany bar. If the customer provides a unique print or letter

designed by the customer, the store can complete the production on site. The innovative concept displayed throughout the store is "interaction". This marketing scheme that attracts young consumers through brand-new in-store installations and innovative interactive thinking is unique and exploratory in the channel extension of luxury brands.

VII. CONCLUSION

Today, the digital environment is changing with each passing day. Any scene may trigger the purchase of luxury goods. Any interaction may become an opportunity for a trend. The counter-attack of luxury brands is to break these business opportunities and find effective and appropriate solutions to turn potential business opportunities into actual revenue. The success of Tiffany & Co. proves that in meeting the challenges of the digital age, brand owners must not only use the upgraded big data technology for accurate analysis, but also target consumer demand and provide high-quality new products. It is necessary not only to persist in the pursuit of "productism", but also to expand the carrier of communication with content empowerment. The purpose is to use entertainment to acquire and glue users, timely grasp the public's emotions under certain circumstances, and create consumer-like consumption scenarios to achieve more effective interaction. Different formats and different brands have their own unique counter-attack method. Rational use of social media and rational creation of marketing models can stand out in the new wave of the new generation.

REFERENCES

- [1]. Beck, N. , & Rygl, D. . (2015). Categorization of multiple channel retailing in multi-, cross-, and omni- channel retailing for retailers and retailing. *Journal of Retailing and Consumer Services*, 27, 170-178.
- [2]. Pauwels, K. , & Neslin, S. A. . (2015). Building with bricks and mortar: the revenue impact of opening physical stores in a multichannel environment. *Journal of Retailing*, 91(2), 182-197.
- [3]. Wei Liang, & Li Ruihua. (2017). Omni-channel sales: new trends in business development. *Northern Economy* (1), 51-55.
- [4]. Verhoef, P. C. , Kannan, P. K. , & Inman, J. J. . (2015). From multi-channel retailing to omni-channel retailing. *Journal of Retailing*, 91(2), 174-181.
- [5]. Wang Xia. (2018). Analysis of the status quo, characteristics and trends of China's luxury consumer market. *Business Economics Research*, No.748(09), 51-53.
- [6]. Li Fei. (2015). Omnichannel Marketing: A New Strategy. *Tsinghua Management Review* (Z1), 30-39.
- [7]. Li Fei, Li Dajun, & Sun Yacheng. (2018). The development of omni-channel retail theory research. *Journal of Beijing Technology and Business University (Social Science Edition)* (5).
- [8]. Xu Yanqin. (2017). Research on the cultivation path of new local luxury brands in China under the background of consumption upgrading. *Market Research* (1), 31-33.
- [9]. Piotrowicz, W. , & Cuthbertson, R. . (2014). Introduction to the special issue information technology in retail: toward omnichannel retailing. *International Journal of Electronic Commerce*, 18(4), 5-16.
- [10]. Li Fei. (2014). Omni-channel Marketing Theory—Three Comments on the Multi-channel Retail Revolutionary Storm in China. *Journal of Beijing Technology and Business University (Social Science Edition)*, 29(3).
- [11]. Wang Yuru. (2018). Analysis of Factors Affecting Consumers' Willingness to Accept omni-channel Retail. *Business Economics Research*, No.753(14), 64-66.
- [12]. Qi Jie, & Qu Chengming. (2016). Economic Research on China's Luxury Consumer Market. *Enterprise Reform and Management* (10), 8-9.

Liu Yu" The Solution of "Omni-Channel Marketing" For Luxury Brands in Digital Environment--Take Tiffany & Co. For Example" *International Journal of Business and Management Invention (IJBMI)*, vol. 08, no. 03, 2019, pp 06-10