
RESEARCH ARTICLE

Exploring the Development Prospects of International Brands in the Chinese Jewellery Market: Tiffany as an Example

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ABSTRACT

Tiffany as an example of the jewelry industry development profile, to explore the development prospects for the jewelry industry in the Chinese market, including industry development environment, industry policies, and other aspects. Methods: This paper explores the production and operation situation of Tiffany through literature research method, empirical summary method and through horizontal analysis of Tiffany's financial statements and ratio analysis, and digs deeper into the impact and significance of Tiffany on China's economic development. The research results show that the Chinese jewelry market should carry out brand building and create national brands; optimize jewelry structure and design jewelry for target groups; upgrade marketing strategies, use the digital era to sell jewelry online, and accelerate the stable construction of the Chinese jewelry market through video promotion, etc.

KEYWORDS

Jewelry market, brand building, marketing and promotion, development prospects

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1. Introduction

1.1 Tiffany Development

Tiffany & Co. created the unique style of the United States breaking into the fashion world. 1837, Tiffany opened a jewelry company in New York, the United States, its development of gemstones, platinum standards adopted by the U.S. government as the official standard, becoming a synonym for elegance, innovation and exquisite craftsmanship. Whether Tiffany "T" or six claw set diamond ring, self-contained, known as the queen of the jewelry industry. 2001, Tiffany as the jewelry industry high-end luxury goods officially entered the Chinese market, after more than a decade of practical development, the Chinese jewelry market has become Tiffany's second largest sales market. On January 7, 2021 EST, LVMH (Louis Vuitton MoëtHennessy) announced the completion of its acquisition of Tiffany & Co. for \$15.8 billion, making it the largest transaction in the global luxury industry (She Finance, 2021).

1.2 Tiffany and Tiffany China Market Competitive Brands

Since the twentieth century, the improvement of China's economic level and the expansion of the consumer market have told us that the era of branding jewelry in China has come, jewelry is an old traditional and quietly changing industry, the composition and expression of the jewelry industry business model has evolved in the course of historical development. In general, the core of the jewelry industry business model today is to build a brand and gain brand identity.(Wu, 2019) Tiffany has been at the top of the industry as an international jewelry brand for over 100 years. In the late 1990s and early 2000s, other brands opened stores in China, while Tiffany, despite its high visibility, was relatively under-represented, known but not easily accessible and purchased. In a large market with a small volume of products, Tiffany's position and weight in the hearts of Chinese consumers has been enhanced.



Figure 1. Tiffany "T Collection"

Source: Tiffany 's Bracelet - Tiffany 's Bracelet | Tiffany & Co.

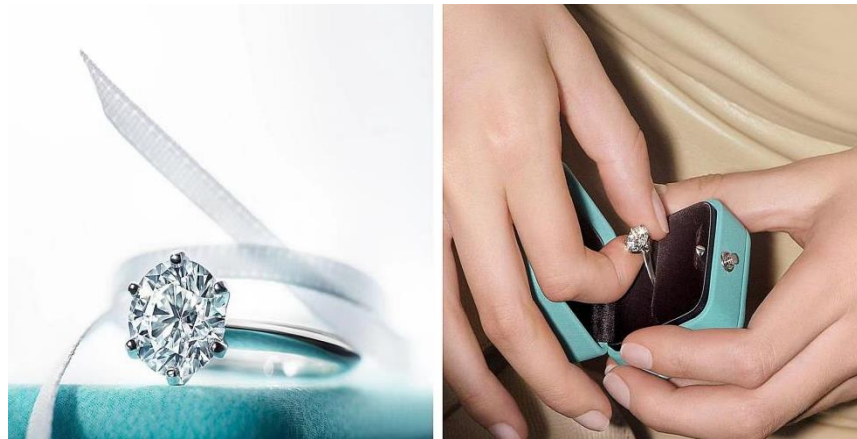


Figure 2. Tiffany six prong set diamond ring

Source: Wedding bands - Wedding bands - Tiffany & Co.

In the process of expanding the jewelry market in China, there is no shortage of competing brands. Take Chow Tai Fook for example, China's brand Chow Tai Fook to create the first Chinese jewelry brand to participate in the jewelry industry competition, (Sun et al., 2015) with a long history and deep cultural heritage design jewelry, and Tiffany Western concept is very different, with Chinese national characteristics also attract some consumer groups.

At present, China's jewelry market has become another hot consumer market after the car and housing market. (Xie & Su, 2010) Exploring various factors has far-reaching significance for the development prospect of China's jewelry market.

2. The Development of China's Jewelry Industry in the New Era -Taking Tiffany as a Starting Point

2.1 Consumer Rejuvenation

Tiffany began to upgrade its strategy in practice after its entry into the Chinese inland market. On the one hand Tiffany designs Chinese favorite jewelry for the Chinese consumer. Surveys show that American consumers are more attracted to gold and platinum, while the rose gold variety is more popular in the Chinese market. While many tastes are global, in China it is often the more refined and detailed pieces that are most popular. The Tiffany in China brand shows a delicate design that belongs to the West.

On the other hand, Tiffany has updated its audience, preferring to sell its jewellery to the millennial generation, with China now being the second largest market for the Tiffany brand after the United States, according to Figure 1. In the last fiscal quarter ending July 31, the brand's performance in China was up 25 percent over the same period last year, despite a 3 percent decline in global

growth. This significant amount of sales was generated by the millennial and younger generations. It is not difficult to inspire us about the development of the jewelry market in China.

According to the report of Ariadne Consulting, 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 years old, and the millennial generation, who are in the limelight, will become the main force of luxury consumption. On the one hand, the millennial generation are more self-seeking and advocate using luxury goods to serve a more exciting lifestyle, and they are more willing to spend while having more disposable income; on the other hand, the millennial generation are influenced by the digital environment, and they have a different way from searching to making decisions, to buying and giving feedback. (Cite the last article of the reference) The fact that it is easier to buy jewelry using online channels is also the reason why the millennial generation are one of the main masses of jewelry consumers.

From this, we can see that the Chinese jewelry market to further development, the first is the direction of the target masses love, China's jewelry market competition is getting stronger, we can also find that the jewelry market is tending to younger development, our local jewelry to develop to seize market share must create the target masses love the product, especially for the millennial generation, must create a brand-name strategic image, scientific research and Scientific research and technological innovation should be closely combined to develop China's special jewelry, create their own brand, and promote the healthy, orderly and rapid development of the Chinese jewelry market.

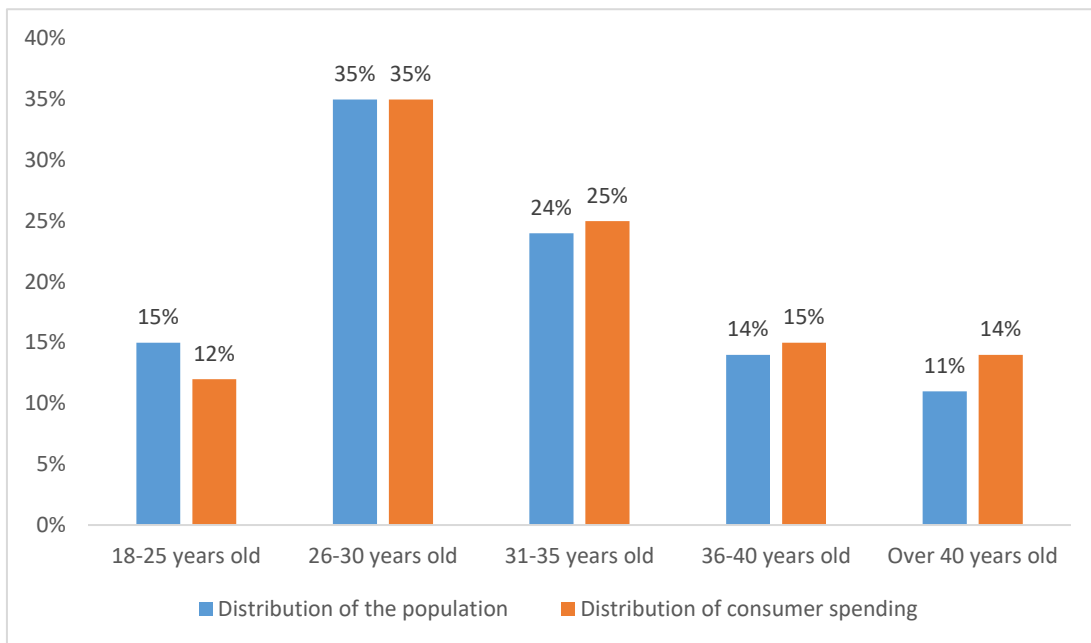


Figure 3. Analysis of age distribution and consumer expenditure distribution of luxury goods consumption from April to July 2020

2.2 Digitization of Business

In recent years, the digital has continued to develop deeply and luxury brands realized the importance and inevitability of developing digital channels. According to the survey, the high growth rate of online sales of luxury goods today is undoubtedly determined by consumer demand: most of the needs of the new generation of consumers are influenced by digital carriers to varying degrees, and the path for these needs to be met is also relevant to the continued development of the business. Tiffany, which has been slow to open its e-commerce services in China, also turned its attention to online traffic in 2019. Compared to rivals Cartier and Bulgari, which went online in China as early as the e-commerce, Tiffany is more conservative. This decision by Tiffany has allowed a new generation of Chinese consumers to better understand the brand and has successfully inspired more Chinese consumers to buy, while generating great lessons for local Chinese jewelry brands.

The arrival of digital in the Internet era has given the jewelry market a great opportunity to develop under the new crown epidemic, and the use of online shopping and live streaming to sell jewelry has become a developable channel and save the trouble of buying offline.

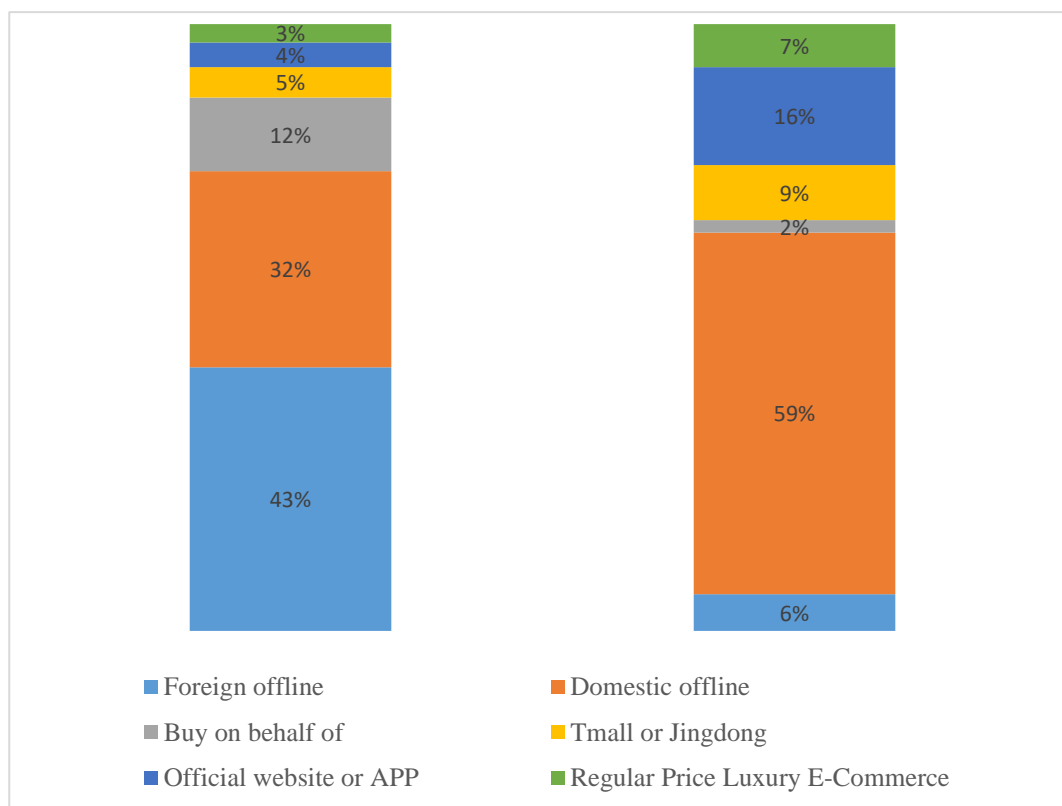


Figure 4. Comparison of consumer purchase channel distribution in 2019 & April 2020 to date

3. The Impact of the Jewelry Industry on the Development of Jewelry in China with Tiffany as An Example

3.1 Tiffany Annual Data Analysis

The following table 1 shows the changes in Tiffany's core financial data from 2015-2019, which has remained stable overall and the purchasing power of consumers at the moment has remained at a stable level, so a series of measures are still needed to stimulate consumers' desire to buy. It is mainly able to do so in three ways: (1) brand marketing; (2) new product development; and (3) broadening retail channels. In the long run, the core competitiveness will be enhanced and the development of China's jewelry industry will be driven.

Table 1. Selected Tiffany Annual Reports

Dollar amounts in A Hundred Million					
	2019	2018	2017	2016	2015
Operating income	44.24	44.42	41.7	40.02	41.05
Gross Income	27.62	28.11	26.11	24.99	17.06
Period Costs	20.29	20.21	18.01	17.53	17.06
Net Income	5.41	5.86	3.7	4.46	4.64
Cash and equivalents	8.75	7.93	9.71	9.28	8.44
Net Inventory	24.64	24.28	22.54	21.58	22.25
Total Assets	66.6	53.33	54.68	50.98	51.22
Net cash flow from operating activities	6.71	5.32	9.32	7.02	8.14

3.2 China Jewelry Market Development Prospects

Since 2019, consumer industries around the world have been in a downturn due to the COVID-19 epidemic, and the jewelry industry is one of the industries most affected by it. The jewelry market in mainland China has lost a huge sales gap due to store closures and reduced business hours, which has had a significant impact on the Chinese economy, and the Chinese economy is facing a huge test, so it is especially important to restore the various businesses in the jewelry industry, and the focus will be on customers.

- 1) To carry out creative content to trigger deep resonance, precise placement of joint offline traffic, so as to reach the target audience.
- 2) New way to strengthen the interaction, equipped with small programs, business transformation in one step, to explore new ways to play marketing, to seize the attention of users.
- 3) Develop Chinese special jewelry, create its own brand, and promote the orderly and stable development of the Chinese jewelry market
- 4) Development of the international market, the Chinese market jewelry high-end luxury brands are less, should be on the wave of globalization continue to develop towards the international market.

4. Conclusion

The Chinese jewellery industry is currently in an overall downturn, and the jewellery industry is facing the challenges of this combined effect in a new way. In the general environment of China's overall economic slowdown growth trend, through the analysis of several points of view: First, the social economy to support the development of the industry weakened; second, the price will also become the main reason for market competition; third, the path of international brand jewellery enterprises confused.(Zhang, 2017)

China's traditional jewellery industry is large and consumes a lot of gold jewellery, but due to the enhancement of various brand effects, international brands such as Tiffany, Cartier and Van Cleef & Arpels have been increasing their share of the Chinese market and the brand power of the industry has been continuously enhanced; at the same time, it relies on continuous layout at home and abroad to ensure its rapid and steady growth in the market, which has enhanced consumers' awareness and recognition of international brands in jewellery during this period.

We need to rethink the future development of the jewellery industry, drawing on several aspects such as design innovation, marketing strategy and market positioning to comprehensively discuss the solution to the problem and the future direction of the international jewellery industry in terms of brand as a carrier. First of all, combined with the national brand strategy proposed by the state and the policy of joint development of new industries and industries on the Internet, branding is not only the future of the jewellery industry, but also the general trend of comprehensive industrial upgrading at the national level. This means that the better the brand development and marketing, the better the market development prospects. Therefore, the international jewellery companies need to promote and market their brands to stand out in the brand competition. Secondly, as the social economy is recovering from development, major jewellery brand companies can reduce costs and design affordable jewellery to increase consumer demand, thus increasing sales and improving market competitiveness. Finally, according to the aesthetics of different regions to design different styles, design the public love to accept the jewelry.

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