

Tiffany & Company: How do Luxury Retailers Use Apps to Increase Sales?

BUF 4700: Contemporary Issues in the Fashion Industry

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Tiffany & Company opened its first brick-and-mortar location in 1837 in New York City. From its inception, the signature Tiffany blue color of their packaging has been equated with love and marriage. This brand has successfully maintained its heritage throughout the 181 years of business. Unlike other luxury retailers, Tiffany & Co. continuously adjusts the company's offerings to accommodate their consumers. Tiffany & Co. has always adopted concepts that seem foreign to other companies. From its inception, Tiffany refused to barter the prices of their goods and used fixed prices on their goods as a way to maintain the brand's value. Tiffany & Co. has also changed how they market their products. Prior to focusing the brand's marketing on its niche as a luxury jeweler, Tiffany's branding stance was that of a "stationary and fancy goods emporium (Agrawal, 2016)". As constant changes occur in the environment surrounding Tiffany and Co., they are able to quickly adjust and adapt in order to retain their sales.

Today's luxury consumers are looking towards technology to purchase and interact with products they desire. However, some luxury retailers are often hesitant about entering the online market. They perceive online retailing as a channel that will lead to a decrease in their level of exclusivity. Tiffany and Co. saw digital marketing and online retailing as untapped potential for their company. The company implemented an app, which is unique and different from that of their competitors. Tiffany, with the help of their app What Makes Love True, continues to engage their consumers with personalization and by tying one's emotions with technology.

Engaging Consumers

As stated previously, luxury retailers fear overexposure of their brand with e-commerce websites. However, retailers that choose to expand their market have seen

increases in sales. Tiffany & Co. like every business in this capitalist market depends on the notion of conspicuous consumption. Thorstein Veblen in “Conspicuous Consumption” describes conspicuous consumption as one that only the leisure class can afford. Persons of the leisure class do so in an effort to flaunt their wealth through the luxury goods they purchase. “40% of all luxury goods purchase decisions are influenced by what consumers see and hear online. That means, in an industry with more than \$280 billion in sales last year, online-influenced purchases accounted for more than \$100 billion in revenue (Shaoolian, 2017)”. Companies like Tiffany & Co. see this as an opportunity to expand and gain clientele. Modernizing the shopping experience for today’s consumer is essential especially for luxury brands. A brand’s heritage cannot solely sustain a luxury brand. The marketing must correlate with the brand’s story while correlating with the values and lifestyle of their target consumers.

Traditional Luxury brands have to take into consideration the generations of consumers have changed. Millennial have more buying power in the market. Catering to their needs is important in order to increase sales of their products. Wealthy millennial consumers, especially those who shop from luxury retailers, are college educated and are fascinated by technology. Having heritage and higher price points do not faze that of the luxury millennial consumer, rather they tend to rationalize their purchases and look for alternatives to expensive labels. According to Pamela N. Danziger of Forbes Magazine, millenials “still value status, but for them it is status defined by who they are and what they have achieved, not how much money they spent buying some overly-expensive luxury brand (2017)”, Their level of education and technology has given them access to product knowledge and they look to find quality products at reasonable prices. In order

for millennials to purchase luxury goods, it must hold an intrinsic value to them. One way for luxury brands to retain these consumers brands have to reinvent their brand story and incorporate e-commerce. Value is something that brands have to stress to their consumers and explain why their products are unique compared to others available in the market. Tiffany & Co. is able to “accurately interpret their unique value to customers (Agrawal, 2016)” and they look towards finding solutions to accommodate their clientele. Tiffany has evolved with consumers with its timeless look and ability to understand the environment surrounding the company.

Tiffany & Co. has commodified the engagement process and love. This how they continue to thrive and it is the foundation behind the brand’s heritage. Author Bell Hooks of “Eating the Other: Desire and Resistance” explains the commodification of the “other” in race relations. In order for the dominant culture to accept certain qualities of the minority group, they must find a way to commodify them and make a profit or gain pleasure from the “other”. This removes the human qualities of that group. This is similar to what Tiffany & Co has done by selling the idea of “true love”. By commodifying the idea of love, they are able to place a value on the concept. Tiffany & Co. markets their engagement rings with idea that their products are the ultimate way to display one’s commitment to marriage. Like most luxury purchases, buying Tiffany & Co. products are heavily influenced by one’s emotions. Hooks describes consumption as a “social relationship, the dominant relationship in our society (Lee, 2006)” that dictates one’s purchasing decisions. Emotions dictate the purchase decisions one makes and are the reason behind of the success of luxury brands like Tiffany & Co.

Tiffany, in 2010, saw a decrease in their sales. Similar to that of the luxury leather goods company Coach, Tiffany & Co. sought to fix their sales by regaining their target market's interest through an online media presence. Tiffany & Co realized that emphasizing their use of social media and focusing on online retailing were imperative measures for the company. Tiffany decided to create *The What Makes Love True* app in 2011, in an effort to boost sales. The app has been described as one that “reinforces its reputation for quality, beauty and opulence (Luxury Interactive, 2018)”. Figure 1 shows the changes in Tiffany & Co.'s annual revenue from its 2010 declining numbers to after the launch of the app. One can visualize how having more of an online presence and the creation of the app has helped Tiffany & Co.'s sales. Furthermore, to combat other environmental changes such as social norms and economics, Tiffany decided to hire an expert in effectively running luxury retail chain after their previous CEO resigned from the position. In 2017, the luxury jewelry house hired Alessandro Bogliolo, former CEO of Bulgari and Diesel, as CEO in order to implement changes to their marketing and other internal operations (Fernandez, 2017). Tiffany & Co saw his expertise in the luxury market, primarily in accessories, as a major asset.

Personalization

In addition, the *What Makes Love True* app features interactive ring sizing and consumers are able to choose engagement rings through the app. The app eliminates the need for one to venture into a brick-and-mortar location. Figure 2 shows a female using the app to accurately size her ring finger. The personalization seen in the app is similar to the level of personal selling their consumer would receive in store. Consumers of the Tiffany & Co. are no longer restricted to purchasing from the physical store locations. In

addition, finding the right engagement ring becomes a more intimate process for the couple by eliminating the need to venture to a store and meeting with a salesperson. Their experience becomes exclusive, which is what luxury consumers want when making significant purchases such as an engagement ring. Millennial consumers want a shopping experience to accommodate to their daily lives. Being able to customize their ring on their free time via the app is more convenient. Tiffany & Co. was successfully able to bring the engagement process into 21st century technology with this app (Luxury Interactive, 2018). For the consumer, having the What Makes Love True app means the Tiffany store never closes. Granting them 24-hour access to creating the perfect ring without the restriction of business hours. They can make a thorough decision and can revisit the app at any moment. They do not feel pressured to return to a brick-and-mortar location in order to choose a ring. For today's luxury consumer, this is an important feature that Tiffany and Co.'s competition lacks.

The app allows couples to input their romantic memories on Tiffany's world map feature. In addition, newly engaged couples can create their own story of "true love" in the app and continuously add chapters to their love story (Joss, 2018). What makes the app successful for Tiffany & Co. is its ability to conjure up emotions from the user and offers advice on love and marriage. Just like how each couple's love story is unique the experience of creating an engagement ring through the app is specific to that particular couple. This leaves no room for external influences that may occur if they were shopping at a physical jewelry store. The individualized app experience keeps the modern-day consumer engaged with the products and services of Tiffany & Co. The personalization aspect of the app coupled with the workmanship and heritage of Tiffany & Co., ensures

that their purchase is of high quality. This would be one less detail that the Tiffany couple would have to worry about as they plan out their near future together.

Emotions and Technology

The app showcases a short film by Edward Burns called *Will You Marry Me?* This short film displays couples of different age groups in New York City. They tell their stories of how they fell in love and their purchase of Tiffany & Co. engagement rings. This helps to evoke and influence the emotions of the viewer. Thus, impacting the purchasing process of their engagement ring. The short video captures the very essence of love and matrimony. A Tiffany engagement ring signifies the pinnacle of commitment. Besides the video, the app gives couples tips and advice on purchasing their ring and ideas for their wedding day. Consumers creating an emotional connection to a brand and its products are essential for luxury brands today. Luxury retailers, by having access to the “digital realm in order to reach and connect with modern consumers on an emotional level”, are able to give consumer not just quality products but an unforgettable experience (Shaoolan, 2017). This experience will have Tiffany’s consumers telling others about their interactions with the app.

Tiffany serves as a great example of a luxury retailer that is able to use their heritage and take advantage of today’s technologies in order to communicate and sell products to their modern-day consumers. Making adjustments and adding additional services under the brand to attract their target consumers allows Tiffany and Co. to have continued success in the luxury sector especially in the jewelry industry. The *What Makes Love True* app was a great concept that has proven success in their sales. By having the app, it is like the Tiffany store is in a convenient location. One where the consumer does

not have to schedule into their busy lives a visit to the Tiffany store. They are truly innovators in the luxury goods market and will continue to thrive.

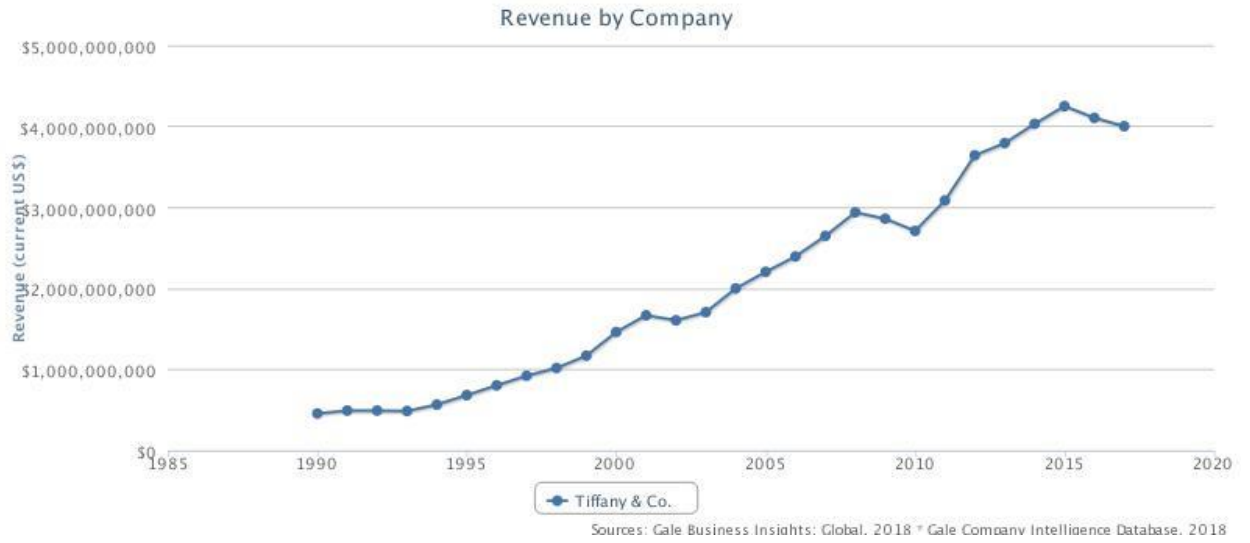


Figure 1: Revenue by Company Tiffany & Co. (Business Insights: Global, 2018)

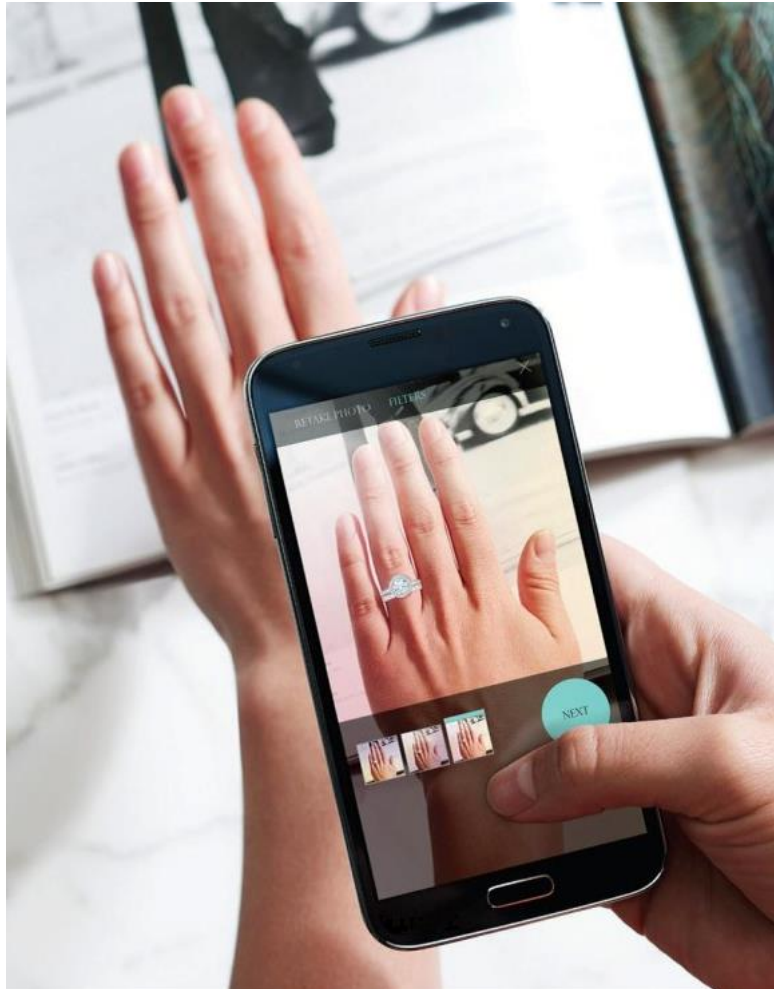


Figure 2: What Makes Love True App (Jeweller Magazine, n.d.)

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