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JEWELRY

Fragmented luxury jewelry market calls for elevated digital service

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Cartier's Etourdissant collection

By SARAH JONES

The global jewelry and watch market is expected to grow steadily over the next few years, with total revenues projected to reach $410 billion by 2019, according to a new report from Fashionbi.

A growing ultra-high-net-worth population in emerging markets such as Mexico, Brazil, Turkey and India along with strong performance in Asia-Pacific and the United States are expected to driving forces in the jewelry sector's predicted rise. While the sector as a whole is anticipating growth going forward, key players have seen mixed results in the past year, with Tiffany & Co.'s sales plunging and Richemont's results up, pointing to the risks of deflated currencies and other macroeconomic hurdles.

"As presented in Fashionbi's latest research on Luxury Jewelry and Watches, this market is still very fragmented, which means there isn't one top-of-the-mind player for the customers," said Ambika Zutshi, CEO of Fashionbi, Milan.

"They explore their options very well before investing in such high-end products and hence, the brands with the best offers and services in that moment will be able to attract these customers," she said.

"For instance, this segment brands have explored the least with digitalization - many still don't have ecommerce services, special social media communication, global shipping options, receptive customer services or global distribution," she said. "As a result, many customer can't reach or even inquire about the products.

"Hence, a big opportunity for the brands is to invest in digital. Providing better online customer care such as live chat service or Social Media communication can be very fruitful. Eventually, the ecommerce services can be bettered from pacing up the browsing and filtering options to convenient shipping terms."

Fashionbi’s report looked at the jewelers Buccellati, Bulgari, Cartier, Chaumet, Chopard, Chow Sang Sang, Chow Tai Fook, Damiani, de Grisogono, Graff Diamonds, Harry Winston, Mikimoto, Tiffany & Co. and Van Cleef & Arpels.

Small but mighty
Compared to some other luxury sectors, the barrier to entry for jewelry is lower. No one brand holds a largely dominant market share, and the large jewelry houses make up a small percentage of sales, which in 2015 totaled $314.6 billion.

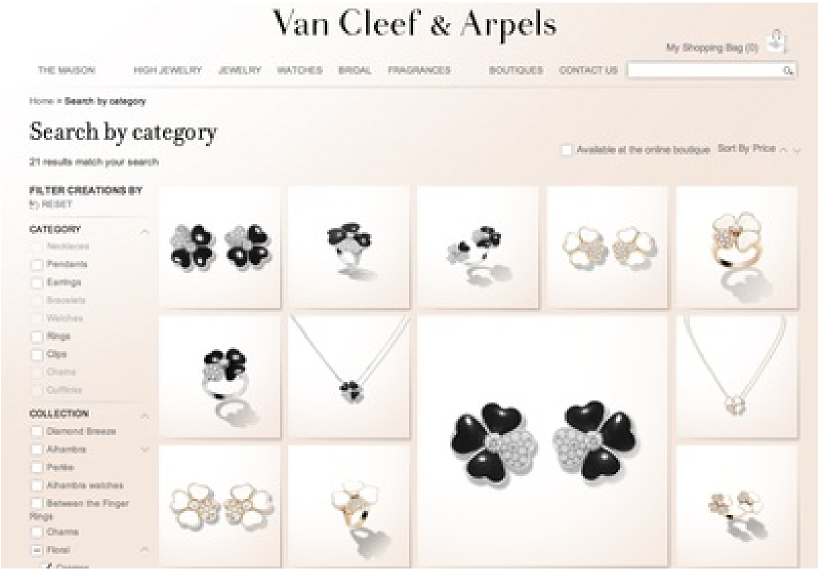
According to Marketline numbers from 2014, watches account for roughly 15 percent of revenue in the sector, leaving jewelry the remaining 85 percent.

Looking to assert their dominance, a number of luxury brands have expanded into adjacent categories such as tableware, accessories and fragrance, allowing them to gain more of consumers’ wallet share without diluting their images. Perhaps most notable is Bulgari, which has translated its brand into a chain of hotels run by Marriott International’s Luxury Group.

Bulgari Hotel London

The top luxury houses have expanded into emerging markets, but the bulk of stockists for the jewelry brands are in the U.S., China and Japan.

While some brands do offer widespread ecommerce, others limit their online selling to specific markets or do not enable consumers to buy via their Web site at all. Some, including Cartier and Van Cleef & Arpels, enable ecommerce for lower-priced collections while keeping high-jewelry as in-store only merchandise.



Van Cleef & Arpels ecommerce site

Providing an outlet for consumers’ curiosity or interest in a collection, all studied jewelers have a contact form on their Web site, allowing consumers to place a call or send an email for service. For instance, the digital catalogs of Harry Winston, Mikimoto and Chaumet all include links to schedule an appointment right on the product page.

Fashionbi’s report looks at the customer service experience the client receives after making initial contact. The results were mixed, ranging from the very helpful and speedy to silence.

"As it is a niche segment with mainly high price-points, the trust is to be built at first," Ms. Zutshi said. "A customer will never go and make impulsive purchase at a random new brand. He/she will first study the brand, explore options, enquire and compare.

"Fashionbi's team went on to investigate personally the customer service quality of selective brands and learnt that while some brands such as Cartier, Van Cleef & Arpels and Damiani do reply within a short time with a lot of additional useful information providing exceptional customer service, others such as de Grisogono and Buccellati did not even respond to the simple queries," she said.

"Such little things make a big difference not only in creating a certain perception and 'security' in the mind of the consumers but also reflect in the brand's turnover over time, for sure."

Popularity contest

All of the studied houses have at least four social media accounts.

While they were generally slower adopters than their fashion peers jewelers are testing out new social platforms such as Snapchat, as they use the ephemeral app to document events or behind-the-scenes footage.

Of the brands studied, Tiffany has the greatest following on Facebook, Twitter, Instagram and Pinterest, while Cartier comes out on top for Weibo and YouTube.

> Follow "tiffanyofficial" and catch us behind the scenes on Snapchat today at our #ReturnToTiffany campaign shoot. #Tiffany #TiffanyAndCo #LoveNotLike
>
> A video posted by Tiffany & Co. (@tiffanyandco) on Jun 17, 2016 at 8:04am PDT

Tiffany's digital IQ dwarfs that of its competitors, according to a recent report by L2.

A high digital IQ is important in all luxury sectors because ecommerce and mobile commerce are growing much quicker than in-store revenue, but the importance may be even higher in the jewelry and watch sectors. Forty percent of Swiss watch executives are pessimistic about the sector's economic outlook while only 14 percent are optimistic (see story).

"Brands can learn from Cartier, Tiffany & Co. and Bulgari, who not only have attractive and frequent social media communication but also a refined modern Web site and customer service that leaves the customers well-informed and satisfied," Ms. Zutshi said.

"And once the trust has been built, this customer is highly likely to go ahead and make a purchase and come back to become a loyal customer for the brand."

1 thought on “Fragmented luxury jewelry market calls for elevated digital service”

1. Eddie C. says:

   July 13, 2016 at 6:40 pm
   Sarah, thanks for digging into what the major jewelry companies do in terms of digital presence and websites – I think it’s definitely important to not only have a strong main site, but also an engaged presence on social media.