

JEWELRY

Jean-Christophe Babin on Bulgari: "Digital is redefining the role of the flagship"

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Jean-Christophe Babin is CEO of LVMH's Bulgari brand. Image credit: Luxury Society

By A LUXURY DAILY COLUMNIST

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Bulgari CEO Jean-Christophe Babin talks about the brand's omnichannel approach and expanding in China in an exclusive interview to Luxury Society. Here is the dialogue:

Jewelry is still Bulgari's largest segment. How is it growing today?

For **Bulgari**, jewelry has historically been the core category, which today still best epitomizes the brand in terms of its Roman origins and its DNA as it was inspired by art, architecture, volumes and colors.

Furthermore, because high jewelry is one of a kind, it provides even more possibilities of expression than a watch.

Watches are functional and therefore have some constraints. Jewelry, however, is unconstrained. There is no type of functionality that limits a piece of jewelry and no ceiling to creativity.

In terms of customer experience, how does digital currently have an impact on the experience of purchasing a luxury jewel? How do you see it evolving in the future?

When it comes to digital, the first benefit is knowledge.

Thanks to the digital realm, you now have a diffusion of global knowledge, which allows far more clients to understand watches, jewelry and art today than would have been possible 30 years ago.

The second benefit is brand screening and prioritizing.

Before the digital age, most clients would window shop. They would discover different brands during their walks and shortlist the products they wanted at the last minute.

Nowadays, with digital, most clients shop at home whenever they want until they make up their minds about the style, the category and the price range they want to spend online, before even considering shopping.

The third aspect of digital is the possibility to buy 24/7, which is a great advantage. Customers can choose to click

and collect if they wish to visit the store.

Across these three dimensions, digital allows the client to have a permanent dialogue with the brand.

In the past, this kind of dialogue was limited only to visiting a flagship store, or through customer care.

Whether it's with WhatsApp, WeChat or Weibo, a client can have a permanent, personal connection with the brand. It is now a full dimension, which has changed the business model.

THE NEW YORK TEMPLE

5TH AVENUE & 57TH STREET, NEW YORK



Bulgari's flagship store on the corner of Fifth Avenue and 57th Street in New York reflects luxury splendor at its best. Image credit: Bulgari

Bulgari was one of the early adopters amongst luxury brands to use WeChat sales. Can you tell us more about your experience with this platform?

WeChat is the main Chinese platform for networking, yet it goes beyond this.

On WeChat, customers can book, buy, pay. It is a super-WhatsApp. With all these facilities, it has become a type of ecommerce platform, even though this isn't its only function.

In the past, it would be used by Chinese consumers, as well as our staff, as a personal social platform.

Then, we took it to the brand level and created a true, professional and friendly dialogue with our key clients.

We ran CRM operations with them in a more personal manner, compared to the traditional CRM where email was used.

Email is evolving too, but WeChat has allowed us to take the next step in forming closer relationships with our clients and befriending them.

You have been developing the Japanese and U.S. markets in terms of ecommerce. What are the next steps?

We recently went live in the U.K. Europe will follow by mid-2018. Ecommerce will be available in many European countries.

In China, we've already extended ourselves onto WeChat.

In parallel, we also complement countries like Australia, which, geographically speaking, is huge and where ecommerce is a real counterpart to the brick-and-mortar experience.

With all these new sales channels, were you able to detect an increase in revenues from the digital channels? It is difficult to talk about one channel over another, as today everything is about the omnichannel approach.

Omnichannel has become the new experience. A client will make his or her first screening of products via the Internet, or receive some news from salespeople via WeChat.

Consumers will then mull over it, assess the products in more detail, and then decide to make a purchase via an online channel or click and collect.

Therefore, it is not so easy to credit the sale to the digital channels or to the boutique only.

It is, however, a certainty that digital sales and ecommerce are increasing the business side. Why? Because it is spontaneous.

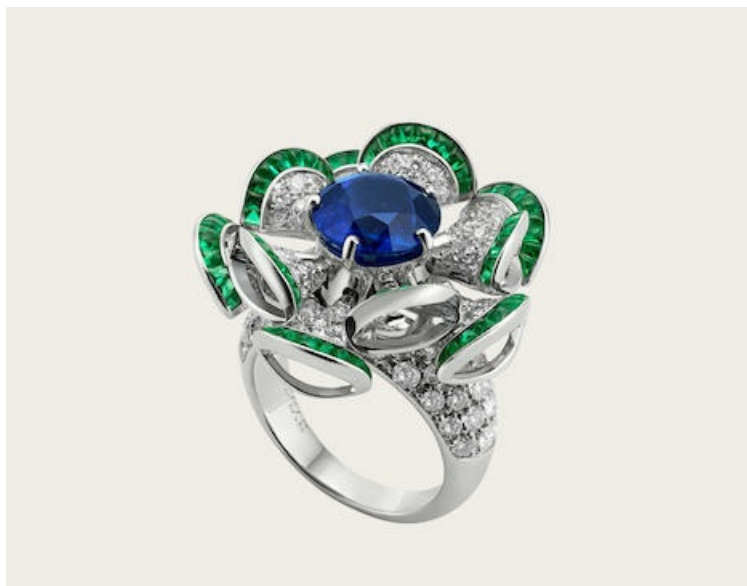
At one moment, you are driven by impulse to buy, for example, the Octo Watch or the Diva's Dream Necklace. This impulse has been intensified by inspecting the product online.

At a certain point, you find the desire within yourself, which calls for action. However, if at this point you do not have

the means to move to action, the desire will quickly vanish by the next day.

Now with digital, you can immediately take action, regardless of whether you collect it yourself or have it delivered. That's why I think the two are complementary.

That's why digital is increasing business, because it's more of an occasion to follow one's impulse, regardless of how long the impulse itself has increased.



Bulgari's Divas' Dream ring sporting sapphire and diamond petals refined by emeralds. Image credit: Bulgari

The bricks-and-mortar stores remain very important to Bulgari. We saw the reopening of your U.S. flagship in New York. How do you see the physical stores' network evolving?

Today, the sales network is one touch point out of several. Hence the need to redefine its role as a part of the client's experience, but not the whole experience.

More than ever, the brick-and-mortar store must become a brand and products enhancer.

Digital is complementary to brick-and-mortar and vice versa in building this omnichannel approach. It will also redefine the role of the flagship in the future, because it is a long-term process versus what it used to be in the past.

Historically, luxury brands set up their flagships in their cities, such as Bulgari in Rome.

The first flagships were often a sort of local representation of the brand with as many logistics on display. After this, brands tend to expand their flagship into the next largest cities such as New York or Paris.

These stores will have a different role in the network that is not so traditional to the brand. The role is more about the physical accessibility in a given place.

If the area is highly prestigious, then the store will be considered as a flagship.

With digital, logic can be put aside in accessing some of these locations as you do not need to have a physical location per city.

We might gradually revert to the initial flagship concept. Fewer brand representations in fewer locations, because brands do not need inventory in several places.

The future of physical stores, therefore, embodies how it used to be one-and-a-half centuries ago, but with an integrated upstream and downstream experience.

The flagship will revert to what it used to be in terms of the statement it makes and its rarity.

If you were to build a new luxury brand today, I do not think you would build 300 stores in the long term, but rather limit it to 80.

This smaller number of stores could be enough, while keeping in mind that most local representations will not need great stores in smaller cities.

Is this the direction which Bulgari is taking?

When a brand already has a network of 300, it you do not decide overnight that you might only need 150 in the future,

and that you might perhaps close down 150 of them in one day.

No, Bulgari is much more pragmatic.

We continuously learn, evolve and invest in digital. And as this process evolves, which I think will be a 10- to 20-year process, you will end up with less stores.

In the future, we will have more magnificent stores, but not necessarily bigger stores. These stores will instead be representations of the brand.

As a consequence, you might end up closing more stores and opening less stores than what you would have done 20 years before.

What is your approach towards millennials?

Bulgari has already managed to develop the millennial segment, if we agree that it is a broad group anywhere between 17 and 37 years old.

We are now focusing on a younger segment, between 17 and 27 years old, which often includes single people, with no kids, still studying or new to the job market.

We benefit from the diversification of our business divisions to create a ladder into the brand, starting from our 100-euros perfumes to then offer 250/400-euros accessories.

The jewelry segment starts with STC silver range at 600 euros, then BB and B.zero 1 gold collections from 1,000 euros onwards.

In parallel, we adapt our communication with the help of younger influencers, KOLs and millennial icons like Bella Hadid, Demi Lovato or Jasmine Sanders.

We also stress the authenticity, the craftsmanship and the integrity of our manufacturing the famous "Bello e Ben Fatto" which are very important values for millennials.



Model Bella Hadid is accessories ambassador for Bulgari. Image credit: Bulgari

In China, the jewelry market is growing in strength. How does Bulgari target the special preferences and habits of the Chinese consumers?

Every culture has specific traditions.

What is special when it comes to the history of jewelry, throughout all cultures, is the worshipping of gold, platinum, diamonds and sapphires, which has virtually been the same through time. This is because they were not alterable, they had a functional reason.

Gold was treasured for its aspect of interest. These precious stones have always been rare, and today they are becoming even more rare.

So, there is a kind of commonwealth in worshipping all of these different materials.

Occasionally, another gem that does not belong to the family of the four traditional art stones will gain some interest, such as the Jadeite in China.

As a global jeweler, you will try to integrate this dimension by adding it to some of the collections, but without

replacing another stone such as emerald, which has the closest color to Jadeite.

I would say this kind of integration is a mark of respect and a direct hook with the emotional side of Chinese consumers.

Having a preconceived view, whereby you would replace emerald stones with Jadeite in order to appeal to the Chinese consumers, would not correspond to the right approach.

This means you can meander your way around the types of gems and colors, which are more or less familiar depending on the targeted geographical region.

For example, with Bulgari's leather goods, our bestsellers in China are centered more on red and purple pieces, whereas in [the] Middle East, they prefer green. You can relate this to religious reasons: red in relation to Buddhism in China, and green for Islam.

Each geographical location is being considered.

We pay attention to the depth of range of our green assortments when targeting the Middle East, while still integrating red and purple pieces.

In China, we take the same approach for the red and purple pieces. It is a balance which we frame according to the local sensibility.

BVLGARI B.Zero1 - An interview with Bella Hadid

Ecommerce is about spontaneous purchasing as you previously explained. Chinese shoppers tend to buy online, do you expect more from the Chinese side?

This is true. For example, 11/11 [Single's Day in China] set a new record for Tmall and JD.com this year.

Perfume is typically the type of gift which a consumer will buy on impulse, at the last minute, and even on delivery on Tmall or JD.com.

When it comes to jewelry, we are not yet considering it, because what is important for our brand is for the image to be coherent.

We are reluctant to move onto certain digital platforms if we believe that the brand environment would be inconsistent with the brand size which we use as a basis for our communication channels, our brick-and-mortar, or through our own Web site.

We are rather considering our own [bulgari.com](https://www.bulgari.com) platform. With the same logic as brick-and-mortar, we are tightly controlling our image.

As long as the platform does not match with our luxury standards, we will proceed with caution, as we do not want to project the wrong image for the brand to very reputable e-retailers.

We need to be paying enough attention to the execution of the Web site and of the services, as these remain very important.

I see a big future.

I know that Tmall and JD.com are currently developing their specific luxury marketplaces, which have not yet been launched. This acknowledges that on their main marketplace, which is of mass design, it is more difficult to sell luxury products.



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