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# Tammi Jewellery

Market research for entering the Hong Kong market;  
market channels and brand positioning in the market

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<p>The purpose of this study is to gain further knowledge about the Hong Kong jewellery industry and different market channels available for Tammi Jewellery. Tammi Jewellery is a company that creates contemporary handmade Scandinavian jewellery pieces in Turku, Finland and it was founded in 1954 by Alpo Tammi, a goldsmith. The study was commissioned by Tammi Jewellery.</p> <p>The literature review provides the reader the basic understanding of marketing and the different theories surrounded by customers' needs. Additionally, business strategies and methods of branding were introduced to provide alternative options for companies to use when entering a new market. Qualitative research methods have been used in this study and with the help of the interview conducted with the CEO of Tammi Jewellery, Ms. Miia Saarikko, the author received additional information from Tammi's business point of view. The interview consisted of fourteen questions related to the literature section of the research.</p> <p>The overall result from this research is to assist Tammi Jewellery and other premium/luxury jewellery companies who are interested in entering the Hong Kong market to gain relevant information about the foreign market. The author provides alternative distribution channels and business tools for companies when developing a marketing plan for the new market. With the help of the interview with the CEO of Tammi Jewellery, the author gained additional content which was not available to the public.</p> <p>The author would recommend that Tammi Jewellery and other jewellery companies that are interested in entering the Hong Kong market to further explore different possibilities available to promote their brand and the products. For further research, companies interested in penetrating the Hong Kong market should conduct a survey related to Hong Kong consumer buying habits and their preferences in jewellery to gain a better perspective of the market they are entering.</p>	
Keywords	Tammi Jewellery, Hong Kong, jewellery industry, customer needs, branding

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## **1 Introduction**

The importance of this study is to provide first-hand knowledge about the Hong Kong market for Tammi Jewellery and other premium/luxury jewellery companies aiming to develop their brand in a foreign market. For companies, Hong Kong has always been seen as a unique and international market which possesses a combination of both Eastern and Western characteristics. Therefore, conducting market research on Hong Kong about the jewellery and luxury industry there only seems fit, in order to attain a more thorough understanding of how to manage a business there. Through achieving a greater insight into the Hong Kong market, the author hopes to devise an in-depth picture as to whether entering the Hong Kong market is a feasible and worthwhile venture for a relatively small size company such as Tammi Jewellery. Expanding into a foreign market can be an exciting prospect for companies due to the potential for growth and global development of the brand. However, there are also risks involved in such a process, which the author will discuss further in the literature and analysis section of this study.

To fully understand how to market a new brand to a foreign market, the company must comprehend the customer's needs and wants in that particular market. By doing so, the company can differentiate their products according to the customer's preferences and achieve an advantage over its competitors. Especially in today's world, with digital advancements, companies must use this to their advantage and welcome new innovations to their existing strategies to further attract a wider consumer base.

Through this research, the author believes that Tammi Jewellery will gain a better understanding on how to market its products to the Hong Kong consumers and strategize for the long-term, in order to ensure a stable and fruitful establishment in Hong Kong.

## **2 Tammi Jewellery**

### **2.1 Company overview**

After receiving jewellery stamping rights in 1954, the brand – Tammi was founded by Alpo Tammi in Turku, Finland. During that time, the goldsmith industry was specifically centred in Turku, and Tammi Jewellery had a vision to expand their products further. This gave them the courage to go to Basel, Switzerland where they got to showcase their products at one of the biggest jewellery exhibitions. After this exhibition, it created many

opportunities for Tammi Jewellery. They started distributing their products outside of Finland; to Norway, Sweden, Germany and the Netherlands. According to Tammi's history, approximately 95% of their production has been distributed abroad, since Tammi's high quality designs and creations have been appreciated and recognized outside of Finland. From there on, the brand has been designing luxurious pieces of jewellery from silver to 18 carat gold. All of their products and design are made at their own goldsmith workshop in Turku, Finland. During Tammi's most fruitful years in the 1990's, the company was the biggest manufacturer in Finland, producing the largest amount of gold jewellery in kilograms. The name - Tammi, derives from the Finnish language meaning oak tree, which they wish to portray how the company is seen. Implicating the deep roots in traditional jewellery handmaking methods and skills that have been passed down from generations. Currently, the company is owned by two powerful women; Marjut Kemppe – goldsmith and head designer and Miia Saarikko – Marketing professional and CEO of Tammi Jewellery.



Figure 1. Tammi Jewellery official logo (Tammi Jewellery, 2018)

## 2.2 Tammi's products

Tammi Jewellery has a strong emphasis on creating unique designs by hand, since that has been one of the rare aspects that differentiate their products from a competitor. The mark of the goldsmith can still be seen in their products and when comparing two identical pieces of jewellery, there are slight differences in the details due to the craftsmanship of the goldsmith. The Tammi Jewellery brand only uses fine quality natural materials to differentiate themselves as a luxury jewellery brand and every single piece

of jewellery from their collection are handmade and contemporary with the touch of Scandinavian design. The brand itself has been in the market for over 60 years and all of their designs have been inspired by Finnish nature. Which has also become one of the signature aspects of the brand.

Tammi's collections reflect the real nature from the flowing streams in the forest to the glistering shine from the winter sun when it hits the snow. The light plays a huge role in their styles, which can be seen in all of their designs. They tend to incorporate a matte effect on their silver and gold jewellery pieces. The combination of these also creates an abstract surface for their creations which can be seen from the Figure 2. below. The abstract surface can be seen from the Puro collection from Tammi Jewellery, which was inspired by Finnish nature. Additionally, the name *Puro* comes from Finnish meaning *stream* which describes the designs perfectly. The majority of Tammi Jewellery's collection names has been derived from the Finnish language and tends to have a relation to nature.



Figure 2. Tammi Jewellery's silver products from the Puro collection (Tammi Jewellery, 2018)

Currently, Tammi Jewellery has 15 collections that are sold through retailers. New collections from Tammi tend to launch during the spring and winter seasons.



Furthermore, they modify existing collections by adding more pieces and also custom make exclusive jewellery pieces on request of the customer.

In Finland, the consumers tend to prefer the silver collections over the gold, since the silver collections price ranges from 30€ to 350€ while the gold collections ranges from 500€ to 10,000€. In comparison, the Hong Kong and Mainland Chinese consumers prefer gold over silver. The preference for gold has to do with their culture and the history but it is also seen as an investment and a fashion statement. Therefore, the CEO of Tammi Jewellery has decided to enter the Hong Kong market introducing their gold collection. Modification of the jewellery pieces will be made if there is a demand for it. The CEO wishes to establish Tammi Jewellery in Hong Kong as a premium/luxury brand, thus entering the market with their gold collections would be their primary strategy to start with. From the Figure 3. below, the Orchid collection from Tammi Jewellery has been created in both silver and gold. In the gold pieces, Tammi commonly uses more precious stones such as diamonds and fresh water pearls. While in the silver collections, the usage of precious stones is not ideal, to minimize the cost for the customer and being more affordable for a wider range of consumers. Special cases are made upon certain requests, for example, infusing quartz crystals into their pieces.



Figure 3. Tammi Jewellery silver and gold products from the Orchid collection (Tammi Jewellery, 2018)

### 2.3 Tammi's operation in Finland and Europe

Tammi's operation in Finland has been primarily distributing their products through classical jewellery stores in Finland. Currently they have over 70 jewellery stores where they have been distributing their products to. The reason for using jewellery retailers to sell their products is to minimize their cost of having a storefront, but they have plans in the upcoming years to open their own storefront either in Turku or in the capital of Finland, Helsinki. Additionally, Tammi also has plans on opening an online store which will be available for all consumers. Tammi Jewellery wishes to expand their market globally, currently with the help of jewellery retailers in Europe; Finland, Sweden, Estonia and the Netherlands they have been distributing and marketing their products through them, but wishes to explore the Asian markets by starting with Hong Kong as a gateway to the Mainland China markets.

## 3 Literature Review

This section of the study will focus on literature which will form the theoretical framework for this paper. The company, Tammi Jewellery is based in Finland, therefore reviewing the theory around international marketing, positioning of the brand and other various forms of branding, we can determine the types of marketing and branding that would be useful for the company to use when entering the Hong Kong market.

Furthermore, looking into the luxury industry and the definition of luxury, the author can reveal the differences from this specific industry when comparing it to a mass product industry. The literature review will discuss all the aspects crucial for a company when entering a new market, therefore a brief explanation of the theories is necessary to comprehend the whole picture.

### 3.1 International marketing

To fully understand international marketing, the definition of the basis of marketing must be explained. According to Kotler (2017: 4) marketing is engaging customers and managing profitable customer relationships. For most people, when they hear marketing, they either think about selling or advertising, but it is much more than that. It's creating a relationship between the customer and the seller and understanding the customer's needs. The first steps in the marketing process for a company is to fully understand the

consumers and the marketplace in which it operates in (Kotler et al. 2017: 6). Therefore, to satisfy the consumer's needs, marketers need to recognize and satisfy such needs. Since customers are the core of marketing, the goal for companies is to create value to these customers and build a profitable relationship with them (Kotler et al. 2017: 47).

International marketing is used in a broader scale to attract consumers abroad. When a company has decided to go international, there are several factors to consider such as cultural differences, customer behaviours and language. The company is required to adapt to each market differently, to understand how each market differs from each other and what type of marketing is most efficient there. According to Chevalier and Mazzalovo (2008: 127), for a company to expand geographically the results are often unpredictable and it requires time and heavy investment. Therefore, for a company to invest in such expansion, they must analyse every aspect carefully before entering a foreign market.

### 3.1.1 Marketing strategy

In the previous section, the author explained the basis of marketing and international marketing and how the core of this concept is creating value for the customers. To further develop on how to deliver these values, companies design a customer-driven marketing strategy which is based on two simple questions;

1. *What consumers will we serve?*
2. *How can we best serve the targeted customers?*

The first question is related to what customer segment the company is targeting, since they cannot serve each and every customer. Therefore, they must narrow it down to a smaller segment of customers to serve. The second question is for the companies to fully understand what values do their product/service bring to the customers that differs from the competitors.

After a company has answered these two questions regarding their marketing strategy, they can move onto the next step which is constructing an integrated marketing programme which consists of a blend of four marketing mix elements, the *four P's* – *Product, Price, Place and Promotion* (Kotler et al. 2017: 27). The marketing mix consists of everything that the company can impact on, especially the demand for the product.

Starting with the first element from the marketing mix, *product*. This is something that the company offers to the chosen customer segment. By using Tammi Jewellery as an example, Tammi offers handmade silver and gold jewellery pieces to their customers but everything about the jewellery that Tammi offers; the quality, the packaging, the design, the brand name and the service is included and a part of the product.

The second element from the marketing mix is price. *Price* is the amount of money the customer must pay to obtain the product (Kotler et al. 2017: 49). The price of the product also determines the value of the product. How much is the customer willing to spend on such product to acquire it. The producer provides the price to the retailers and from there the retailer can adjust it and sell it to the customers. The price is not completely fixed, since the retailer receives a recommended retail price and from there, the retailer can adjust the price according to campaigns and discounts.

*Place* is the third element in the mix and it describes the selling channel that the company has chosen for their product to reach to the targeted consumer group. For Tammi Jewellery, they tend to use retailers to sell their products to the end consumer. Retailers are a cost-effective way to access the market and attract a wider base of consumers with less resources.

Lastly, *Promotion* is the communication used to persuade the target consumer group to purchase the product. Different types of promotion include; advertising, personal selling and public relations. Many companies spend a large sum of money on advertising to attract consumers to purchase their latest product.

The marketing mix is an extremely useful tool for companies to understand the market they are entering into. By changing the price or modifying the product, the company can adjust the marketing mix to the market they wish to pursue. One of the most important aspect for companies to keep in mind in today's market is welcoming change and accepting new marketing technologies that might further develop the firms brand. But also ensuring that the company act sustainably in an environmentally and socially responsible way (Kotler et al. 2017: 27).

### 3.1.2 Understanding the customer

As the author stated previously, the core of marketing is comprehending the customer's needs, wants and demands. It is said that a person's needs comes from a state of deprivation (Kotler et al, 2017: 6). Humans needs can be divided into three parts: physical, social and individual. The physical needs are also known as the essential needs for a human such as food, shelter, clothing and warmth (Kotler et al. 2017: 6). The social needs are the feeling of belonging and affection. For self-expression and knowledge, they belong to the last category, the individual needs.

Wants on the other hand are forms of needs that has been developed from culture and has shaped the personality of the individual. For example, a person needs a phone but wants an iPhone. Wants are shaped by one's society and are described in terms of objects that will satisfy those needs (Kotler et al. 2017: 6).

Demands are additional desires which remains after all needs have been fulfilled, these can be satisfied by having a financial surplus which will further produce the most value and satisfaction to the consumer. To further clarifying the needs of customers, this can be compared to Dr Abraham Maslow's hierarchy of needs. Maslow hypothesized that people are motivated by a hierarchy of needs and when the low-level needs have been satisfied, individuals are no longer motivated by them. When all levels of need have been met, the individual progresses to a higher-level of motivators (Dearlove, 2003: 151).

There are five levels in Maslow's hierarchy of needs which can be seen from Figure 4. below. These five levels are; *physiological needs, safety needs, love, affection and belongingness needs, esteem and lastly self-actualization needs*. The bottom two levels; physiological and safety needs are also known to be basic needs. They tend to be the strongest needs since, without them, a person would not survive. The next two levels: love, belongingness and esteem needs can also be referred to as psychological needs. The highest level of need on the pyramid is called self-actualisation also known as self-fulfilment needs. This refers to people's desires for self-fulfilment, namely, the tendency for them to become actualized in what they are potentially (Maslow, 1987: 22). By comprehending the different level of needs, marketers can offer products to satisfy the customer's needs.

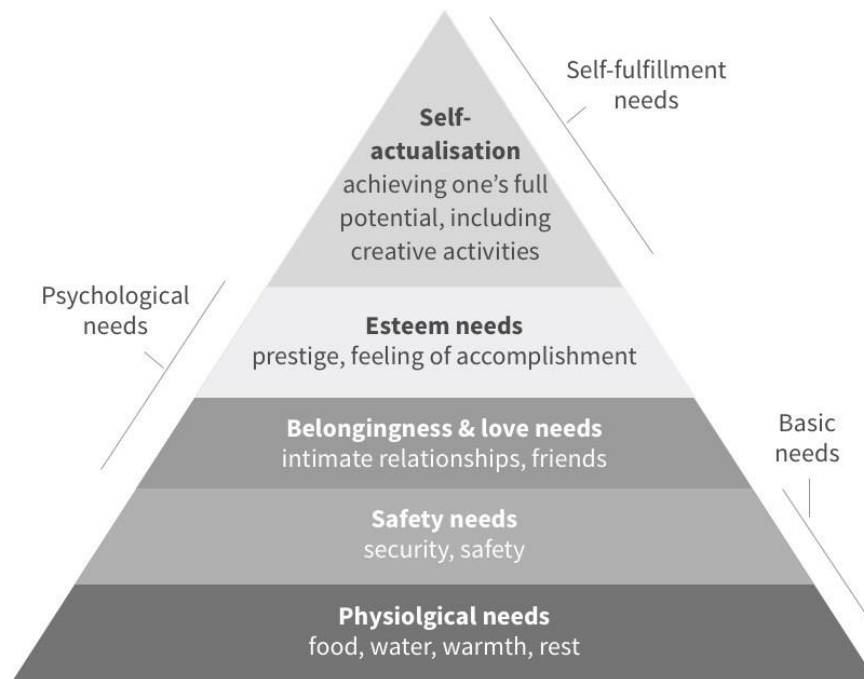


Figure 4. Maslow's hierarchy of needs (Leech, 2014)

### 3.1.3 Hofstede's cultural dimensions

Entering a new market, such as Hong Kong, it is vital to understand the cultural differences between the Western and Asian cultures. Especially if the company has only been operating in the Western market. By using Geert Hofstede's cultural dimensions theory, which is based on a large survey conducted between 1967 and 1973 on IBM employees. The focus of the study is to observe the differences between cultures (Hofstede, 2001: 34). The six cultural dimensions are: power distance, individualism, masculinity, uncertainty avoidance, long term orientation and indulgence.

*Power distance* is related to the basic problem of human inequality (Hofstede, 2001: 29). Meaning that all individuals in a society are not equal, and to what extent the individuals view how the power should be distributed amongst the people (Hofstede Insights, 2018). *Individualism* dimension addresses how individuals in a society perceives themselves, in terms of "I" or "We" (Hofstede Insights, 2018). In this dimensions the comparison would be between individualist and collectivistic societies. *Masculinity* is related to the division of emotional roles between men and women (Hofstede, 2001: 29). This dimension reveals how strong the society is driven by success and achievement. *Uncertainty avoidance* deals with the level of stress in a society when the future is unknown

(Hofstede, 2001: 29). Whether the society feels threatened by not knowing or they embrace it. *Long term orientation* dimension deals with how the society links their choices, either with the past or the future. Either a society prefers traditions and norms or they welcome the future and adapt. *Indulgence* dimension is defined as to what extent people try to control their desires and impulses based on the way they were raised (Hofstede Insights, 2018). The comparison between the Finland and Hong Kong cultures will be examined in the results and analysis section of this study.

#### 3.1.4 E-commerce

Electric commerce (e-commerce) involves buying and selling processes supported by electronic means, primarily the internet (Kotler et al. 2005: 135). The internet is a powerful tool for companies to build a customer relationship between the customer and them (Kotler et al. 2005: 136). By creating a relationship between the customers, the company can personalise the needs and wants according to the individual. Additionally, by using electronic channels, the company reduces costs and increases efficiency and speed (Kotler et al. 2005: 136).

For customers, the internet empowers them, since it gives consumers a greater measure of control when purchasing a product (Kotler et al. 2005: 136). Furthermore, consumers prefer using e-commerce channels to purchase their products, since there is a wider selection of sellers and products for them to choose from.

#### 3.1.5 Ansoff's product market mix

Diving into the market opportunities via E-commerce, there are four different strategic directions to go with: *market penetration*, *product development*, *market development* and *diversification* which is also called the product market matrix developed by Igor Ansoff (1965) (Bruce et al. 2004: 98). These four strategies can be used by a company to increase growth, see Figure 5. below for the graph.

*Market penetration* which is located in the lower left of the matrix is considered the safest option out of the four, since the focus is on the existing market and expanding sales for an existing product. *Product development* located in the lower right side of the matrix is riskier than market penetration since it is introducing a brand new product to an existing

market. The two strategies left are *market development* and *diversification* located in the top corners of the matrix. These two strategies are much riskier than the previous two that the author discussed. *Market development* is introducing an existing product to a new market, by adding new elements to the existing product. *Diversification* is when a company introduces a completely new product to an entirely new market, and is generally considered the riskiest out of all the strategies.



Figure 5. Igor Ansoff's product market mix (Simister, 2011)

### 3.2 Brand

After reviewing the basis of marketing and understanding the different characteristics of human needs, wants and demand, the author will move onto discussing the importance of a brand and the different characteristics of it. To fully comprehend all the aspects of a brand, the positioning of a brand and different types of branding opportunities available for a company will be discussed in the upcoming chapters.

The most important asset for a company is their brand name associated with their products or services (Keller, 2013: 30). According to the American Marketing Association they define a brand as a "name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to



differentiate them from those of competition.” While Okonkwo (2007: 103) defines a brand as the sum of all feelings, perceptions and experiences a person has as a result of contact with a company and its product and services. The definition of brand can be perceived differently for many individuals, since a brand is much more than just a name or a logo, it’s a combination of all of these aspects including reputation and prominence which is dependent on the marketplace. A good brand name has two characteristics: it is easy to remember and it has a significant emotional component or rational element (Chevalier & Mazzalovo, 2008: 98).

When consumers intend on purchasing a product, for example, a soft drink or a chocolate bar, they would usually associate it with a brand name, for example, Coca Cola or Mars. In today’s market, anything can be branded, from services to corporations and even individuals can be “branded” (Rosenbaum-Elliott et al. 2011: 110). The reason is to create a positive image of your product to the consumers and making it memorable, so when someone mentions a brand, it would trigger a positive memory and differentiates over the competitors.

### 3.2.1 Brand positioning

Positioning a brand is vital for a company, since it is to ensure a certain target group to purchase your brand over the competitor’s. Positioning establishes the link in the consumer’s mind between the brand and category needs, and why you want the product (Rosenbaum-Elliott et al. 2011: 120). According to Management Study Guide (2018) brand positioning is the key of marketing strategy, therefore having a strong brand positioning can direct customers towards your brand over the competitors and increase the required knowledge and perception for the customer.

Brand positioning in a luxury market is not as applicable as positioning a mass brand, since the purchase decision is *superlative* not *comparative*. What the author means by this is that the luxury consumers choose the brand that reflects who they are and how they want the society to perceive them by not comparing each luxury brand with each other (BrandUNIQ, 2013).

### 3.2.2 Positioning brands in communication

There are two basic types of positioning; central and differentiated positioning (Rosenblau-Elliott et al. 2011: 112). Centrally positioned brands are usually considered as the “best brand in the category” and category leaders in some sense, but also offering the all the benefits associated with the product. When a company brands its products as the “best” product in the category, the consumers must also believe in it. When a certain brand has been distinguished as the “best brand in the category” all the brands should differentiate themselves and embrace the differential positioning. These brands should choose a specific feature that is distinctive over other brands in the market that will appeal to the consumers to believe in it. This is when using the correct positioning strategy is vital, which will determine the future brands position in the industry.

#### ***Brand positioning – What is it?***

The reason for a brand to position itself is to establish a link for the consumers between the brand and the need but also to create brand awareness. For example, when a consumer needs a certain type of product and the brand comes to mind first is what the company is aiming for.

#### ***Brand positioning – What does it offer?***

Brand positioning offers the link between the brand and the benefit it provides to the consumers. Having established an effecting positioning benefit for the brand, this can further build a strong and clear brand attitude.

### 3.2.3 Country branding

The reader now has a basic understanding of the meaning of a brand and how with the correct positioning, a brand can differentiate itself from the competitors. Now, the author will discuss a few types of different branding examples that companies can use to their advantage, starting with country branding.

Country branding is one of the ways a country can promote their country and persuade tourists to visit by creating a positive image on their local products when exported (Roll, 2006: 56). Country branding is divided into three different categories; export branding, generic country branding and internal country branding. By having a deeper look into

export branding, a company can use the country origin of the product to boost sales. For example, having the “Made in” is one of the ways to increase a brand which does not have a high-profile name yet. When consumers are unfamiliar with the product, they tend to rely on the origin of the product to identify the quality before purchasing. Another example is having the “halo effect”, which gives distinct product characteristics to the consumer, by not even knowing the brand. Japanese cars tend to be associated with adjectives such as high-quality and reliable. This shows how consumers can associate the product to the country’s brand but not the actual product. Brands who are in the beginning stages of development it is vital to pay attention to the country-of-origin labels, since consumers who are unaware of your brand tends to associate your product to the country. This should only be done for products which are known to have a positive image.

#### 3.2.4 Celebrity branding

This type of branding is when a company uses a well-known public figure to endorse their brands. It is believed that by using a celebrity to endorse their product can help build or reposition their brands (Roll, 2006: 74). By persuading the consumers to think their public figures are using the product, it shapes the picture of the product which makes them perceive it more as a lifestyle product. Furthermore, it creates more awareness and popularity amongst consumers. An extensive amount of researchers have concluded that endorsement by celebrities has a positive effect on the overall branding communication and perception (Roll, 2006: 75).

An example of successful celebrity branding was done by Nike, the world’s leading manufacturer for sport wear and shoes. Nike hired Michael Jordan, who is a role model for millions of kids around the world who aspire to become a successful basketball sensation such as himself. The well-known figure wore Nike shoes when entering the basketball court with the slogan “Just do it” that sent a message to his fans all around the world that by wearing Nike, they can become more like him (Roll, 2006: 77).

Hiring a celebrity to endorse your brand can increase sales and achieve greater awareness, but there are also challenges such as the cost of hiring a celebrity, negative publicity, founder’s dilemma and overexposure (Roll, 2006: 88-90). Before employing a celebrity to endorse your product, the company must consider whether or not the company’s financial situation is stable for such a huge investment. Additionally, if the celebrity has had any previous negative exposure with any brands that might bring the brand image down or if the celebrity has been promoting other brands in the same

industry then his/her credibility has decreased. These are just a few challenges that the company must consider when using a celebrity to endorse their products. Tiffany & Co. has been using celebrities to endorse their brand as seen from the Figure 6. below.

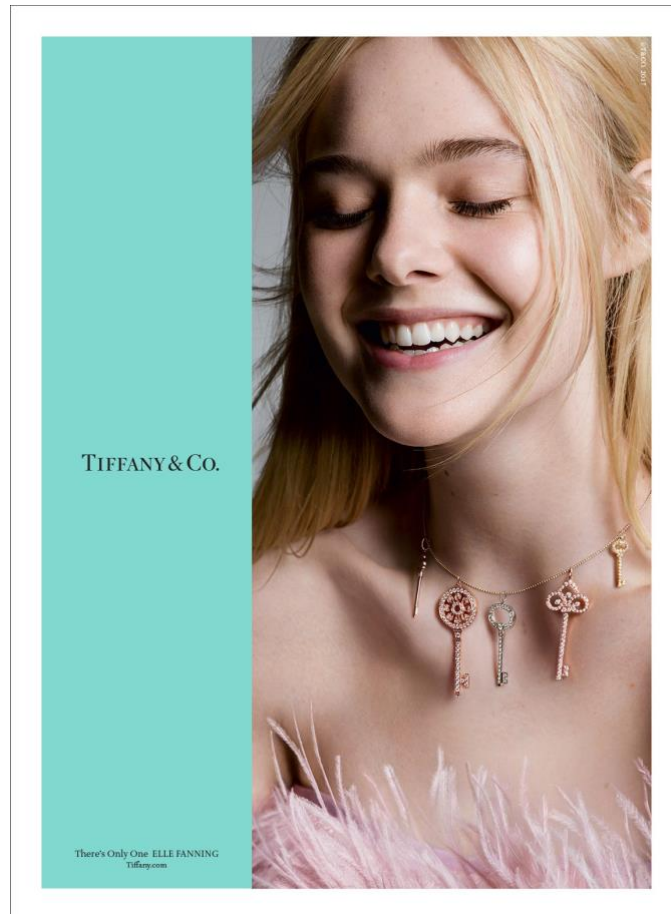


Figure 6. Tiffany & Co. celebrity branding – Elle Fanning (Colon, 2017)

### 3.3 The Luxury Industry

To understand the difference between the luxury industry and the other sector industries, the following chapters will provide further definition of what characteristics makes a product or service to be defined as luxury.

Luxury started off as something limited and was only available for the rich and noble, now it has evolved and grown into a global market with tremendous revenues year after year. However, the concept of what constitutes luxury has changed over time due to the Western and Asian society gaining more wealth (Bruce, 2004: 157). For many

consumers, purchasing luxury goods has nothing to do with function anymore but merely the status that will bring to the holder.

Depending on one's point of view, luxury can mean many things (Bruce, 2004: 157). It can refer to something experienced infrequently due to its price or rareness. Historically, luxury goods have been known to be manufactured with the finest raw materials and to this day consumers expect to receive high quality products when purchasing a luxury brand. For many people, the expectation of the cost of the luxury product must match the product itself. In several Asian countries, having the purchasing power to buy luxury goods showcases their status in society and having face. In 2017, the world of luxury goods market was worth €915 billion and according to the statistics, the top section of the consume pyramid are Millennials and/or Chinese (Muret, 2018). According to Pew Research Center, Millennials are people who are born between 1981 and 1996. (Cummings, 2018)

### 3.3.1 Luxury sectors

According to Chevalier and Mazzalovo (2008: 34) the luxury industry comprises of goods and services from a large range of sectors, from perfumes, jewellery, garment to hotel accommodation.

Having a deeper look into the jewellery market, the market has been estimated to be worth around €30 billion. For sellers that work in the jewellery market and sell luxury products, they must keep in mind these three aspects; customer's expectation, product ranges and the financial aspects, since these vary depending on the sector. The jewellery market products ranges from silver to gold and depending whether or not using precious stones such as diamonds which have a set market value (Chevalier and Mazzalovo, 2008: 69). Selling luxury products, customer's expectations also differ, since they expect a high-quality of service from the seller to satisfy all their needs. On behalf of the financial aspect, pricing has always been an issue for jewellery companies since by incorporating precious stones, the range of the retail price is limited. Additionally, the retail price for gold has been determined by the cost per gram, but most jewellery artists do not sell their pieces according to the weight of the gold, but rather by selling the piece according to the artistic value it holds as a piece of art.

### 3.3.2 Luxury brands

According to Chevalier and Mazzalovo (2008: 81) for luxury goods, brand identity is an essential element of the business. The strength of the brand can be measured either by *spontaneous awareness*, *top of mind* or *aided awareness*. An interview was conducted with 500 respondents to find out their knowledge about different luxury brands to measure the strength of each brand. The respondents knowledge about luxury brands might differ due to where they are based geographically, but this interview can determine what brands are close to each customer.

*Spontaneous awareness* about brands can be measured when asking the respondent “what are some well-known luxury watch brands?” and the answers might be Rolex or Cartier which are also known as immediate answers from respondents.

*Top of mind* can measure the strength of the respondents knowledge about the brand depending on the product category it represents. For example, respondents answered Hermès when the interviewer ask brands in the scarf category. (Chevalier and Mazzalovo, 2008: 82).

Lastly, *aided awareness*, is when the interviewer provides a list of brands and asks the interviewees which of all of the brands they are familiar with. The interview revealed that respondents had similar answers regarding the brands they were familiar with.

The Figure 7. below displays the 10 brands with the highest brand values in 2017. As seen from the Figure below, the luxury brand with the highest brand value is Louis Vuitton, followed by Hermes and Gucci. After thorough observation, the author can state that the brand value of Louis Vuitton is twice as much as Gucci’s which is placed third on the statistics. The gap between these two is substantial and significant, which shows that the leading brand, Louis Vuitton is crushing the other brands in the luxury industry.

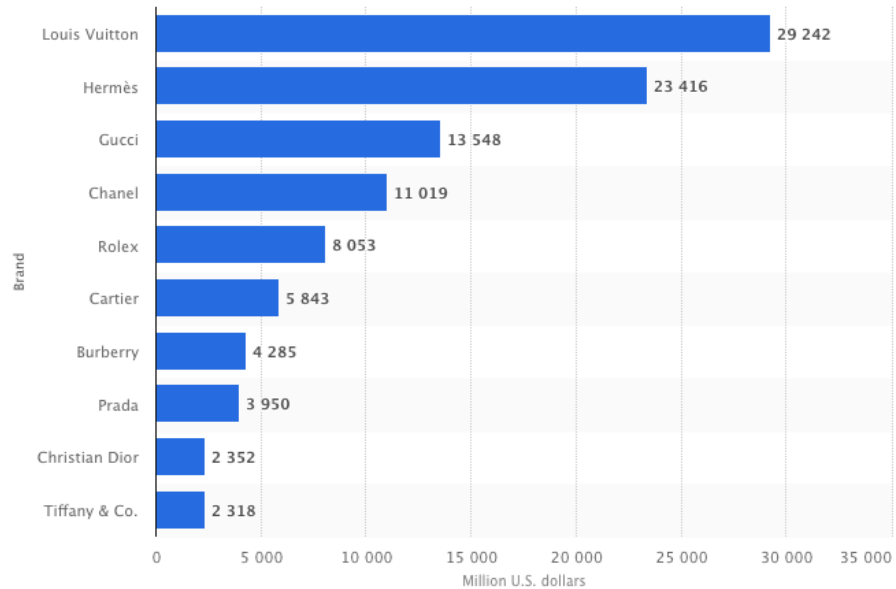


Figure 7. Brand value of the top 10 luxury brands worldwide 2017 (Statista, 2018)

### 3.3.3 Luxury branding

Branding has been discussed earlier in an overall context and specifically for the mass product industries, but luxury branding differs from the mass branding, therefore there is a need to assess it separately. As stated earlier, building a strong brand is important in any category, but in the luxury world, it is vital. Differentiation and emotional appeal are the key tools for luxury branding (Okonkwo, 2007: 106) For a brand to differentiate itself from the competitors, the company must answer these following questions:

1. *What feature does my brand have that will appeal to customers?*
2. *What makes my brand unique, which competitors cannot copy?*
3. *What element do I need to make my brand a better choice than others that offer similar products?*

The development of the brand can be set into motion, when the answers for these questions have been established (Okonkwo, 2007: 106).

## 4 Why Hong Kong?

According to Ecommerce China Agency (2017), Greater China (including Hong Kong and Macau) is now the world's second largest consumer of luxury products. In Hong Kong, the jewellery industry is mostly dominated with the production of pure gold items and is the major centre for the production of jade jewellery (HKTDC Research, 2017). Most of the jewellery that is surrounding the Hong Kong market are medium- to high-priced products which differs from Finland. In Finland, the use of silver is extremely common in daily wear jewellery, while in Hong Kong, it's gold.

Another reason why the Hong Kong market is so appealing for luxury brands other than being world's second largest consumer of luxury products, is the free movement of goods. When luxury goods enter the Hong Kong market from foreign countries, the tax system for these types of goods are much lower in Hong Kong, which is also one of the reasons why Mainland Chinese tourists visit Hong Kong to purchase luxury goods. Since the price is much more reasonable compared to the luxury market in Mainland China. When the goods have been approved for the Hong Kong market, they can be exported to China tariff free, which is one of the main reasons companies tend to export to Hong Kong.

Hong Kong is also known to be the "Gateway to China" since establishing and doing business is easier in Hong Kong with the majority of people speaking English, therefore a lot of the businesses tend to open up first in Hong Kong to "test the waters" before deciding whether or not to expand their business and enter the Mainland Chinese market. Whether or not the company is interested in expanding into the Mainland China market, they will have an easier access when their brand is established in Hong Kong.

### 4.1 E-commerce in Hong Kong

Most people think of Hong Kong as an international financial hub but there is so much more to it. Hong Kong is known as "one country, two systems". The relationship between Hong Kong and Mainland China is extremely complex, since the Hong Kong people have lived there under the influence of the British for a long time, therefore they lack trust and they do not wish China to meddle in their political affairs (Investopedia, 2018). But having said that, they do have one thing in common – WeChat.



#### 4.1.1 WeChat

WeChat is the equivalent to Facebook in China, with features such as: playing games, sending money, making video calls, ordering food, reading the news, booking a doctor's appointment, paying for your taxi ride and so much more (Heath, 2015). Currently, WeChat surpassed the one billion user mark during Chinese New Year 2018. The launch of WeChat happened four years ago by Tencent – a multi-billion dollar company who specializes in internet related services and products. The platform was launched for messaging only, but now has become a huge platform with different features. Currently, it is the most important platform for luxury brands (Shannon, 2017). Tiffany & Co. the most distinguished luxury brand from the U.S with their signature Tiffany Blue colour being used on the WeChat platform for marketing and communication purposes as seen from the Figure 10. below. Tiffany & Co. fear that by using an E-commerce platform they might weaken their brands exclusive appeal and this is a common worry for numerous luxury brands. Many luxury jewellery brands in Hong Kong and Mainland China, they still believe that luxury is meant to be sold in-store by receiving the ultimate shopping experience between the seller and the customer. Due to this reason, many high-end luxury jewellery brands are losing sales in China by not entering to the new era of digitalisation (E-Commerce China Agency, 2017).

The Figure 8. below shows how Tiffany & Co. have been using the WeChat platform to their advantage in order to attract the Chinese consumers. WeChat application is used by over one billion users and steadily growing. For Tiffany & Co. this only means that they can attract more users to view their products. As seen from the Figure 8, Tiffany & Co. does not advertise their products, but their brand. Only in the first marketing content (on the left) in the Figure 8. the company displays the Tiffany keys, but the rest have been marketing the brand as an overall concept. In Figure 8. on the right, with marketing the Tiffany & Co. brand on a pitch black background and asking the consumers in Chinese “Her, is that you?”. Tiffany & Co. was creating a want for the consumers, asking whether or not the women that they are portraying can be you. (Bao, 2015)

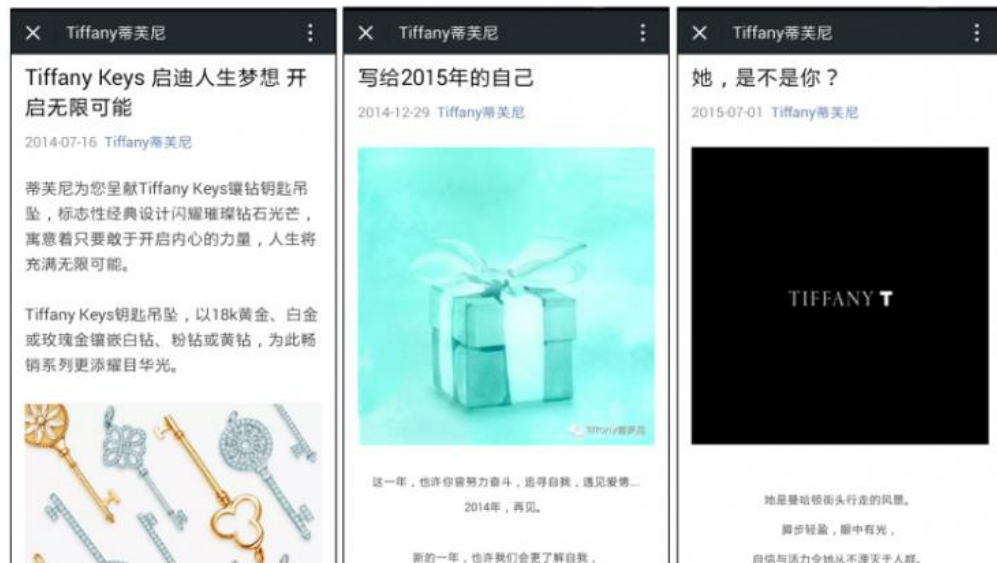


Figure 8. Tiffany & Co. marketing content on Wechat platform (Bao, 2015)

Another brand that has succeeded extremely well when entering the Chinese market is Pandora Jewellery, which originates from Denmark. Pandora has marketed their signature silver charms and jewellerys to several Chinese e-commerce platforms. Additionally, Pandora has been in the jewellery market for quite some time now, they entered the Chinese market in 2011 and now have over 100 storefronts and they are not stopping there. They launch new products according to festive seasons and originally Pandora silver charms are marketed towards middle-age women in the U.S but in China the demographics of consumers have slightly changed to around 25-35 year-old (Dubenstein, 2017). Pandora has been also partnering with Disney and using celebrities to endorse their products in China. By launching Pandora Jewellery on Tmall.com – A Chinese internet retail space that acts as a business-to-consumers (B2C) platform, which local and international business can utilise to sell their goods to better reach the Chinese consumers. Using Tmail.com sales increased 175% in 2016 (OPKO Finance, 2017). This is incredible growth for the company, especially establishing their brand on a new platform and taking risks in an unknown market.

When establishing an E-commerce site for a new market, the company must consider offering more than one language, as by having only one language available it will not facilitate the creation of worldwide customers, since languages, cultures and local market conditions vary throughout the world (Bruce et al. 2004: 99). As previously stated in the earlier chapters, the company must understand the market they are entering into and

adjust it accordingly. Therefore, it is vital for the company to modify their website accordingly to the consumers.

Opening up an online shopping site for your luxury brand differs greatly from other brand industries, since consumers expect the site to be easily accessed and having certain enhancements that capture the consumer's certain moods and feelings when e-shopping at your site. These are a few of the major aspects of increasing traffic on your site which might lead to profitability and sales. Consumers who tend to purchase luxury brands online are familiar with the brand from previous encounters, therefore promoting a positive image of your brand online and offline can attract more consumers to the site. In the event that consumers are not familiar with your brand, using an e-platform such as WeChat or Tmall.com can attract a wider consumer group. More and more luxury brands are using the WeChat platform to attract the younger generation of consumers, for example, Hermès introduced a mini spaceship game in WeChat to promote their latest collection (Pan, 2018). By playing the game the user will encounter new items that are part of the new collection and the user can purchase the items directly from WeChat. Figure 9. below is a screenshot taken from Hermès game.



Figure 9. Hermès video game on WeChat platform (Pan, 2018)

According to Bain & Company 2017 report about the luxury brand sector, online sales for the luxury sector has increased by 24% over the past year and there will be a significant rise for jewellery and watch products (Crabtree, 2017). Bain & Company expects the luxury sector to gain positive growth in the following years, reaching €295-305 billion by 2020. From previous years, there has been a decrease of consumers

purchasing luxury goods, but with new collaborations between luxury brands and street fashion the Millennials have been the main purchasers of luxury brands.

## 5 Research Methodology

Before diving into the research results and analysis, the three different types of research objectives must be discussed before moving onto the methodology used for this study. There are three research objectives; exploratory research, descriptive research and causal research.

The first type of marketing research objective, *exploratory research* is to gather preliminary data that will further assist the researcher to define the problems and suggest hypotheses (Kotler et al. 2005: 345). Secondly, the objective for *descriptive research* is to describe marketing problems or situations such as the market potential for a product or the demographics and attitudes of consumers who buy the product (Kotler et al. 2005: 345). Lastly, *causal research* is done to test hypotheses about cause-and-effect relationships (Kotler et al. 2005: 345). Out of the three research objectives, descriptive research is the most relevant to this study, since the research looks into the possibilities and risks when entering a potential market and in this case, Hong Kong.

There are three different methods to conduct research and they are; quantitative research, qualitative research and lastly the combination of these both.

*Quantitative research* method describes a research problem through a description of trends or a need for an explanation of the relationship among variables (Creswell, 2012: 13). Implementing that the author using this method wishes to know to a degree how often does something occurs, for example, “how many times a day do you check your phone?” which is also related to a specific type of behaviour (Jonker and Pennink, 2010: 65). This type of approach usually contains numerical data, measuring and analysing figures and statistics and mostly used when conducting a survey or a questionnaire. In a quantitative research approach, the author relies more on the literature section to justify the research problem.

Secondly, *qualitative research* method is used when the researcher is not familiar with the variables and therefore needs to explore the possibilities (Creswell, 2012: 16). The researcher makes an attempt to understand a specific organisational reality and

occurring phenomena from the perspective of those involved (Jonker and Pennink, 2010: 77). This type of research method usually generates results in a non-quantitative form and focuses more on in-depth interviews and projective techniques. Researchers that use qualitative research methods tend to start from an open question while quantitative uses a closed research question. In a thorough qualitative report, the author analyses the extensive data obtained and reflect their own biases, values and assumptions to the research. As previously mentioned, the quantitative approach relies more on the literature while studying the research problem, for qualitative research, the literature provides a basis for the researcher, but not the direction for the research question (Creswell, 2012: 17).

Lastly, the researcher can use the multi-method/mixed methods approach. By using this type of an approach, the author uses both a quantitative and qualitative research approach to conduct the study for a more thorough result by combining the data obtained from both research methods together (Creswell, 2012: 22). By using the multi-method approach, the author must identify which of the two research methods is prioritised in the study.

The proposed research question for this study:

*What types of market channels and brand positioning strategies will be beneficial for Tammi Jewellery when entering the Hong Kong market.*

The fundamental idea for this research originated from working in the jewellery industry in Finland. After living in Hong Kong and viewing the jewellery and luxury industry there, the author saw a market opportunity for Tammi Jewellery. The author had preliminary knowledge of the Tammi Jewellery brand before beginning the thesis. Therefore, most of the knowledge about the Hong Kong jewellery and luxury industry has been examined beforehand.

## 5.1 Qualitative Research

For this study, the author will be using mostly the qualitative research approach. The groundwork for the foundation of the literature has been discussed in the previous section and it is composed from secondary data. Primary data has also been used in this study by interviewing the CEO of Tammi Jewellery, Miia Saarikko as well as the author's personal experience in the jewellery industry and the Hong Kong market. The interview

provides further insight about Tammi Jewellery's goals and what they wish to achieve in the upcoming years.

After collecting the data needed for this study, the next step would be analysing the data and evaluating whether or not the data collected is relevant for the study. The qualitative data analysis process can be seen from Figure 10. As shown from the figure, it's an ongoing process since they are all somewhat interconnected with each other. For researchers using the qualitative method, it is important to examine the collected data multiple times to fully understand the scope of the results.

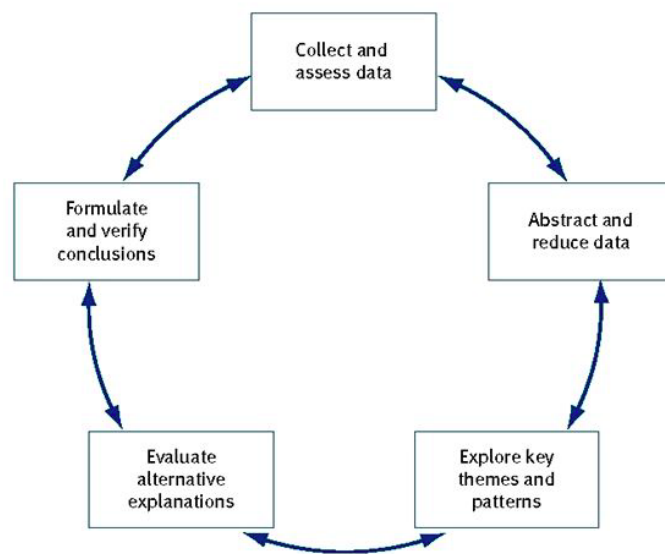


Figure 10. Qualitative data analysis process (Wilkinson, 2016)

The process stated above occurred in a similar way for the author when collecting secondary data. By analysing the data found, it becomes easier to reduce the unnecessary data and evaluating the final results. For this specific study, the interview done with Tammi Jewellery was extremely important to set a foundation for this research and it can be seen as the most reliable source since it came from the CEO of the company.

## 5.2 Interview with the CEO of Tammi Jewellery

The author conducted an interview with the CEO of Tammi Jewellery, Miia Saarikko. The aim of the interview is to get further insight from the company's perspective on entering the Hong Kong market with their brand.

The questions presented to Ms. Saarikko were related to the Tammi Jewellery business they have in Finland and what type of challenges and differences they might face for the brand when entering the Hong Kong market. The literature part of this study is intertwined with the questions presented to the CEO, to gain further insight about Tammi Jewellery's thoughts and preferences. Also by understanding the past of Tammi Jewellery, the author can further assist with the issues Tammi has faced in the past to avoid these types of concerns in the future. By conducting an interview, it provides useful information for the author which might not be available to the public, and it also gives the author the power to ask the needed questions to further develop the study (Creswell, 2012: 218).

## **6 Research results and analysis**

This section of the study will cover the research results found from the literature which was discussed earlier and the interview questions from the CEO of Tammi Jewellery. The author will provide appealing results about the Hong Kong market and why should Tammi Jewellery push their products to specifically Hong Kong. The data found by the author was mostly secondary data from books, articles and online sources. Since there has been a lot of discussion about the jewellery industry and the luxury market in Hong Kong, there was a sufficient amount of secondary data available for the author. The author also conducted an interview with the CEO of Tammi Jewellery, Ms. Miia Saarikko to gain further knowledge about the business's point of view. The author's personal knowledge about Finland's and Hong Kong's jewellery industry will be considered as primary data which will be used in this study.

After further inspection of the results found from the literature section, there seems to be a demand for Finnish goods, therefore introducing a high-end Finnish jewellery brand can definitely create some kind of a demand in the market. For Tammi Jewellery, the most important aspect is to gain a greater awareness of their brand in a foreign market. Therefore, using established retailers or platforms can ease the transition and reduce costs for the company. Furthermore, to understand what type of competitors Tammi Jewellery will be competing with in the Hong Kong market, the author will use the benchmarking tool to analyse a few of the competitors. Looking deeper into their company profile, marketing content and online store. By comparing a few competitors, Tammi Jewellery can see how they have been marketing to the Hong Kong consumers and what seems to work.

Distributing Tammi Jewellery's products internationally, the company can expand their products to a larger market and attract more consumers. For Tammi Jewellery, they have experience of expanding their distribution, but this has mostly only been done in Europe, therefore entering the Hong Kong market will be a big step for the company. Entering a new market tends to be associated with risk and uncertainty, but also gaining a broader consumer market and rewards. Therefore, before infiltrating a new market, the company must understand the customer's needs and wants in that particular market and modifying their products according to their preferences. This does not mean changing all products and designs to one market, but simply adjusting a few aspects to attract the consumers in the market. For Hong Kong and also Mainland Chinese consumers, there is a preference for incorporating gold and precious stones into the jewellery, which also enhances the luxury aspect.

Some key aspects to remember when expanding the brand internationally; cultural differences and language. The company must adjust accordingly to the market, this means offering language options for their online website, researching what types of jewellery the Hong Kong consumers prefer and what attracts the consumers in said market. One of the vital reasons why the Hong Kong consumers and Mainland Chinese tourists purchase luxury goods and jewellery, is to showcase their status. By purchasing luxury goods, it exemplifies the wealth they hold and presenting it to the public. Thus, Tammi Jewellery can use this to their advantage, since Chinese consumers are more familiar with different aspects of Finnish design and being high-quality, Tammi can use the country branding to attract a different customer segment.

To fully grasp the cultural differences between Finland and Hong Kong, the author uses Hofstede's cultural dimension to provide additional insight about this matter. From the Figure 11. below, there are six dimensions shown on the graph and by comparing these two countries between each other we can see which of them scored higher or lower in each dimension. As seen from the Figure below, Finland is marked with the colour blue and Hong Kong with the colour purple and the difference between these two vary greatly.

Beginning with the first dimension; *power distance*, this dimension deals with how individuals in societies are not equal with each other and Finland scored relatively low in this with the score of 33, which indicates that Finnish people are independent and the power is decentralized between the managers and the employees. The communication



between the managers and the team members is direct, informal and on a first name basis, which is the total opposite in Hong Kong with a score of 68. In Hong Kong, the society accepts inequalities between people and they tend to accept the power abuse from the superiors (Hofstede Insights, 2018).

The next cultural dimension is *individualism*, this reveals whether or not a person in the society view themselves as “I” or “We”. In individualist societies, people tend to look after for themselves while in a collectivist society, people tend to care more for other people and belong into groups (Hofstede Insights, 2018). Finland scored 63, which makes the Finnish society as an individualist society and Hong Kong with the score 25 a collectivist society. This is considered common, since most Asian societies tend to lean towards the collectivist side, while Western societies seem to be more individualist.

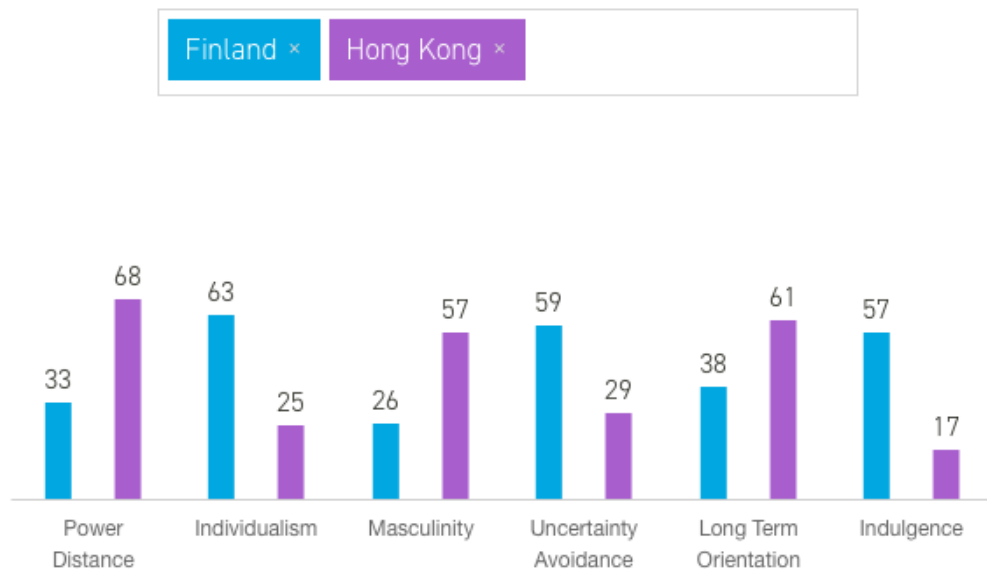


Figure 11. Hofstede's cultural dimensions, Finland and Hong Kong (Hofstede's Insights, 2018)

*Masculinity* dimension deals with the fact whether or not a society is defined as masculine or feminine depending on the results. Societies that tend to score high in this dimension are considered to be masculine, meaning that people are driven by achievement, competition and success. While societies that score low in the masculinity dimension, are known to be more feminine, meaning that people are more focused on achieving a good quality of life than standing out of the crowd. Finland scored low and

Hong Kong scored high in this, meaning that Finland focuses more on personal well-being while Hong Kong is more success oriented and driven by that.

The fourth dimension, *uncertainty avoidance* deals with how the society perceives the future, whether having control over it or just letting it happen naturally. Finland scoring high with a score of 59, displays that the society favours being in control. By having a set of rules and the urge to work hard and continuously being busy, they have control on the change. While Hong Kong scoring low on this dimension, showcases that the Hong Kong society does not mind being uncertain in some aspects and is comfortable with it, they tend to be more adaptable to change.

*Long term orientation* dimension describes how society's deal with new challenges of the present and future and how the society can link these changes to the past. For societies who score low, such as Finland, they tend to prefer the traditions and are suspicious when change happens. Hong Kong scoring with 61 in this dimension indicates that the society is more pragmatic and are more adaptable to change and welcomes new ideas.

The last dimension, *indulgence*, cultures that score relatively low can be described as restraint while high scoring cultures are more indulgent. For example, cultures that score low tend to think that indulging themselves and enjoying leisure time is wrong while Finland scoring high, indicates that people in that society enjoy having fun and leisure time is extremely important to maintain a good life (Hofstede Insights, 2018).

## 6.1 Tammi Jewellery Brand

As previously discussed in the literature section, establishing a brand is much bigger than just the name or the logo of the brand, it involves experience, emotions and different perspectives from consumers. There are different aspects related to a brand, therefore having a strong brand that consumers have positive encounters with can promote your brand and attract more customers. The Tammi Jewellery brand has been associated with their strong heritage and the Finnish nature. Therefore, when selling their products abroad, they should emphasize the Finnish craftsmanship and "Made in Finland" branding strategy to further promote the brand. In Hong Kong, consumers are aware about Finnish brands and they tend to associate Finnish brands with high quality and Scandinavian design, hence the demand for Finnish brands is definitely growing in Hong

Kong and also in China. Some Finnish brands which have been extremely successful in Hong Kong are Marimekko and Finlayson. These two brands have left their mark in Hong Kong and also Mainland China. More consumers in Hong Kong are intrigued by the simplicity design that Finnish products are known for and the high quality offering.

The positioning of the brand has been briefly discussed from the previous paragraph, but going more in depth, it is visible that with the correct branding tools and finances, a company can correctly brand their company in a foreign market. Using the country branding, Tammi Jewellery can brand their products as selling the concept of Finland and Finnish design. Especially when consumers are unfamiliar with the product, which can be one of the main struggles for foreign brands when entering a new market. Furthermore, by selling Tammi Jewellery as promoting "Finland" a wider audience can be captivated. By selling Finland as a concept, it can be used to the company's competitive advantage in Hong Kong and later in the Mainland Chinese market. Consumers to this day, still associate these two attributes; Finnish design and high-quality to Marimekko and Finlayson. This is due to image these two brands have been promoting to gain these characteristics.

Celebrity branding is another brand positioning concept that companies can use when promoting and increasing their visibility in the market. By hiring a well-known figure to endorse your brand can also increase the company's sales, but there are also risks for employing a celebrity, for example, the case of a public figure who has had bad publicity or endorsing too many products, therefore his/her credibility decreases. For celebrity branding to work more effectively, the company can hire a Hong Kong public figure to endorse their brand to make it more personalized and relatable for the Hong Kong consumers. On the other hand, hiring a well-known Finnish woman that possesses an extravagant image and is considered the epitome of luxury could further reinforce Tammi Jewellery's image as a luxury Finnish brand, since Hong Kong and Chinese consumers perceive Finnish brands to be of high-quality this could potentially increase their interest in the brand. Since Tammi Jewellery will be only distributing their gold collection to the Hong Kong market to start with, therefore their aim is to attract a certain type of customer base. This customer base might be consumers who are interested in; Finnish design, handmade jewellery pieces or luxurious jewellery pieces.

## 6.2 Luxury Industry

The author would like to discuss the findings about the luxury industry and specifically the Hong Kong market. The luxury industry has been divided into sectors according to what type of product the brand is offering to the market. As stated before, the luxury industry has a wide range of sectors from jewellery and watches to the hotel industry.

The Hong Kong luxury jewellery industry is mostly dominated by a few major key players but there are many independent jewellery boutiques. For a product or service to be considered as a luxury product and considered belonging to the luxury industry sectors, the product or service must have these attributes: limited, high-quality and exceeding the customer's expectations in every aspect. By analysing the data, the author realised how every major luxury brand no matter in what sector they represent, they invest a lot of resources and time to their marketing and advertising campaigns, especially when a new collection drops. For a brand to gain awareness in such a competitive and relatively exclusive market, the brand must outshine the competitors by understanding the market thoroughly and providing the wants of the customers.

According to the Boston Consulting Group, who conducted an interview with over 10,000 consumers in February 2018, they wanted to hear consumers' opinion about what type of different criteria they are seeking for when purchasing luxury goods. This varied from the quality to the exclusivity of the products or services. After conducting the study, the BCG analysed the results and found out that the Millennials are extremely fond of collaborations between luxury and streetwear labels (Muret, 2018). Additionally, the study showed how consumers are loyal to brands. They tend to purchase several items from the same brand. For many luxury brands, they have increased their efforts to boost their social media presence to gain more attention, since social media, word of mouth and influencers are the three top information sources that Chinese consumers tend to pay attention to (Muret, 2018). Furthermore, Bain & Company published a report saying how luxury brands have changed their approach on how to treat customers. The report found that the key to success was to treat the customers like local customers and not in a transactional way (Crabtree, 2017).

### 6.3 E-commerce in Hong Kong

The e-commerce in Hong Kong is booming, with more and more luxury brands using different Chinese e-commerce platforms to their advantage. WeChat messaging application currently surpassed one billion users and is steadily growing. By using this platform, luxury brands can attract more consumers and advertise their products. There are many luxury brands who are still contemplating whether or not to use the WeChat e-commerce platform, since it might remove the exclusivity aspect of their luxury brands. Looking back at the graph (Figure. 10) displaying how Tiffany & Co. has used the WeChat platform to their advantage. This shows how even the most high-end luxury brands are willing to experiment on new platforms and hopefully gain a wider attraction from consumers.

Taking a further look into Ansoff's product market matrix, for Tammi Jewellery, since they are already an established brand in Finland and already have the products ready to be distributed. The strategy that they will be using when entering the Hong Kong market would be *market development* according to Igor Ansoff's product market mix. Market development seems like the correct strategy for the company to grow their brand and awareness abroad. The CEO of Tammi Jewellery has said that they will start with distributing the gold collections to Hong Kong to establish their brand in the market. The risk for this strategy is a bit higher than the other two (*market penetration and product development*), but Tammi Jewellery is certain it will be the correct strategy to use when entering a new market, since they have a brand with the heritage and the hand-made craftsmanship that they are selling. Thus, by selling the whole concept of Tammi Jewellery to a new market, seems fitting for the company and the suitable move to make for the brand.

The e-commerce in Hong Kong is a competitive market, with more and more brands penetrating the market and trying to appeal to the younger generations. For a jewellery brand to establish itself as a luxury brand in a foreign market and especially in a new platform, hiring a person that understands the Hong Kong market and what type of marketing content is attracting the consumers would be favourable for the brand. After acquiring the basic understandings of the needs and wants of the Hong Kong consumers, from there the company can develop their brand in a foreign market. It will be extremely important for Tammi Jewellery when entering the Hong Kong market to

gain a stronger media presence, by being more active on social media platforms, they can reach a wider consumer base.

#### 6.4 Distribution channels

For Tammi Jewellery to distribute their products in Hong Kong as a luxury brand, by having their own storefront can provide the company the control and flexibility to manage the store according to their preference. Additionally, by incorporating the concept of Finland – including Finnish design and the Finnish nature, Tammi can attract a different consumer group who are intrigued by the Finnish and high quality design. The negative aspects about having a storefront is the cost and the constant maintenance of the shop. Therefore, some other types of distribution channels that might be advantageous for Tammi Jewellery in Hong Kong; pop-up stores, bridal stores and hotels.

##### 6.4.1 Pop-up stores

Pop-up stores are extremely common in Hong Kong, since renting a space for your products can be extremely costly, therefore exhibiting the products for a limited time only can reduce the venue costs and at the same time attract intrigued customers for a “limited time only store”. More consumers are interested in receiving an experience while spending their money and pop-up stores sends a type of urgency to the consumers, indicating that you might never see this product ever again if you do not purchase it now, therefore Tammi Jewellery can embellish the store to their preference and create that ultimate experience for the consumers. The pop-up store concept can definitely be one of the strategies that Tammi Jewellery uses when testing the waters in Hong Kong.

##### 6.4.2 Bridal stores

Bridal stores are a unique marketplace that attracts mostly one-time consumers. Therefore, the experience for the customer must be exceptional. For Tammi Jewellery to penetrate such a market can provide an advantage for the brand. The products of Tammi Jewellery can be presented on: mannequins, photographs of brides wearing the jewellery and the dress, or having a separate display glass box with exclusive pieces from the brand showcasing to the customers. This can definitely create a different customer segment for the brand. Since Tammi Jewellery wants to offer for the customers the once in a lifetime experience, showcasing their products in a bridal store can definitely create an exclusive touch to it.

### 6.4.3 Hotels

In Hong Kong, there are several luxury hotels where they are offering hotel guests and walk-in customers the concept of afternoon tea. The competition is fierce, with different hotels offering string music, skyline views, outdoor terraces while sipping your tea and nibbling on sweet and savoury treats. Some of the most famous afternoon tea spots in Hong Kong are The Ritz-Carlton, The Peninsula and The Marco Polo Hong Kong Hotel. These luxurious hotels usually collaborate with designer brands to attract a more wider range of customers. The Figure 12. below displays the Finnish designer, Marimekko collaborating with one of the hotels in Hong Kong for an afternoon tea concept. The hotel created several sweet and savoury treats with Marimekko's logo and their famous flower pattern. This collaboration was only available for a couple of months and it attracted customers who were Marimekko enthusiast and also afternoon tea lovers. The author got the opportunity to attend the limited collaboration and it was definitely one of the most memorable recollections from her time in Hong Kong. Marimekko adapted their marketing strategy while being present in Hong Kong, since this type of collaboration would not be suitable in Finland, since the concept of afternoon tea is not common. For Tammi Jewellery, this type of visibility is definitely one of the advantages they could use for their benefit while entering the Hong Kong market and attracting the local consumers.



Figure 12. Afternoon tea set collaboration between W Hotel and Marimekko (Time Out Hong Kong, 2017)

Another example of an afternoon tea set collaboration between a hotel and a designer can be seen from the Figure 13. below. This collaboration was done between the Marco Polo Hong Kong hotel and Parisian jewellery brand *Les Néréides*. This is one example how Tammi Jewellery could market their brand in Hong Kong.



Figure 13. Afternoon tea set collaboration between Marco Polo Hong Kong Hotel and Les Néréides (Marco Polo Hotel, 2017)

## 6.5 Benchmarking

Benchmarking is a business tool for companies to study their competitors to see in what areas do they excel in and thus implement similar strategies in their company. Also learning from the competitors' mistakes in what not to do. Therefore, using this business tool can provide more information to Tammi Jewellery and other jewellery industries interested in entering the Hong Kong market.

The author will reveal some findings regarding a few independent jewellery brands that have been in the Hong Kong market. Due to the limited resources available, the author will only be analysing the benchmarking of the competitors online marketing content, their products and the overall brand represented in Hong Kong.



### 6.5.1 Niin style

Niin is a global eco-jewellery brand that handcrafts their own jewellery. The brand ensures that only sustainable and ethical practices are used when creating their jewellery. The brand creates unique designs and relies mostly on natural materials and the brand has been mentioned in several articles and magazines such as; Vogue, South China Morning Post, Hong Kong Tatler and Elle UK. The brand *niin* is distributing their products to 13 countries and they have their own boutique located in Sheung Wan, Hong Kong.

By taking a further look into *niin*'s official website, the page is easily accessible and from the Figure 14. below, the figure displays the front page of the website and from the top right corner, the customer can change the currency preference. The website is in English and there are no further options to change the language setting. Currently, the brand has nineteen (19) collections that are available to be shipped to every country and the shipping is free of charge. Their jewellery price range begins roughly from €100 up until their most expensive piece of jewellery €25,000. But most of their pieces are around €100-€400 from rings, bracelets, earrings to necklaces.

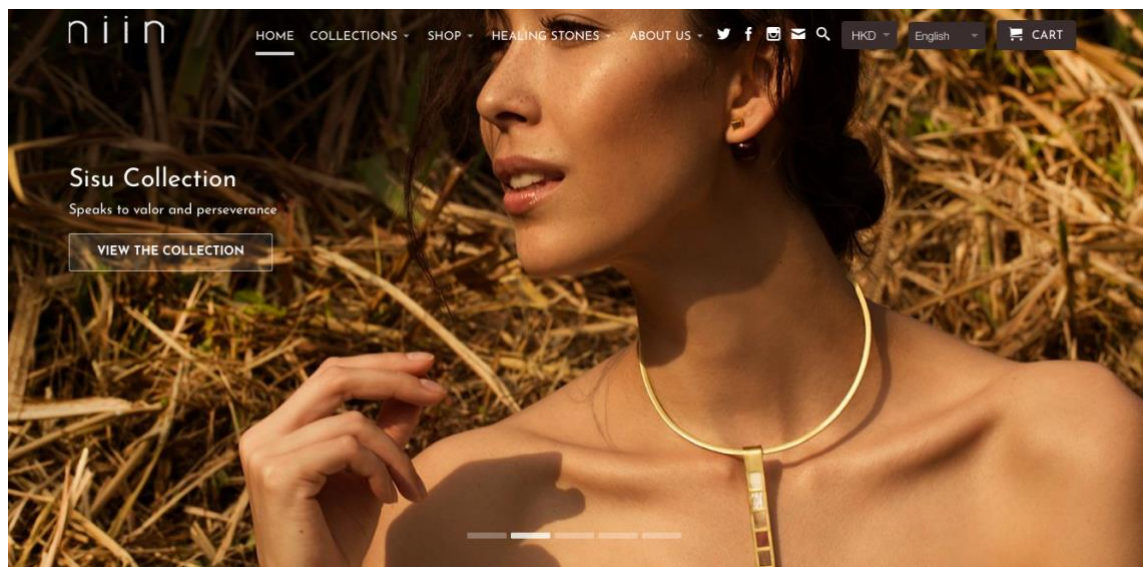


Figure 14. Niin style official website (Niin style, 2018)

As seen from the Figure 14. above, the brand has a collection called *sisu*. *Sisu* is a Finnish word, meaning endurance, resilience and determinations. Most Finns view themselves as having this type of quality and it has become a word that symbolises the

Finnish spirit. The brand used this word to describe one of their collections to showcase how this type of characteristic exists in all of us.

The overall picture of the brand is that they have a wide range of collections that uses different materials and stones in their jewellery. They tend to create abstract pieces which differ from each collection to emphasize how each piece is unique and special to the holder. The brand *niin* was created in 2009 and in such a short amount of time, they have already established their brand in Hong Kong and have been mentioned in several distinguishable publications.

From the Figure 15. below, the author displays some of pieces from *niin* style's collections. The pieces are very unique and different from each other and as seen from below, the brand also tend to use techniques to create an abstract surface and they tend to associate their pieces to nature.



Figure 15. Niin style jewellery (Niin style, 2018)

### 6.5.2 Sophie Birgitt

Sophie Birgitt's jewellery pieces are inspired by the urban surroundings of the Hong Kong lifestyle. All of their jewellery is handmade in their own atelier and they tend to use

precious metals for their jewellery such as 18 karat gold. Most of their collections have contemporary geometrical shapes incorporated with diamonds. The designer uses her own personal experiences in the field and combines this with the traditions of North European design. The goal of her jewellery is to combine fashion and fine wearable art together.

The Figure 16. displays Sophie Birgitt's official website. The website is mostly black and white with a touch of soft colour tones to emphasize the contrasts. Overall the website of the brand is clear and structured and definitely has a touch of Scandinavian vibe to it. Information from their website can be located with ease and it is very appealing to the eyes of the consumer.

The brand does not have a store-front in Hong Kong, therefore the only channel they are using is their own website to attract consumers. They also have their products on another retail website that is offering a wide variety of products from furniture, art to luxury jewellery.

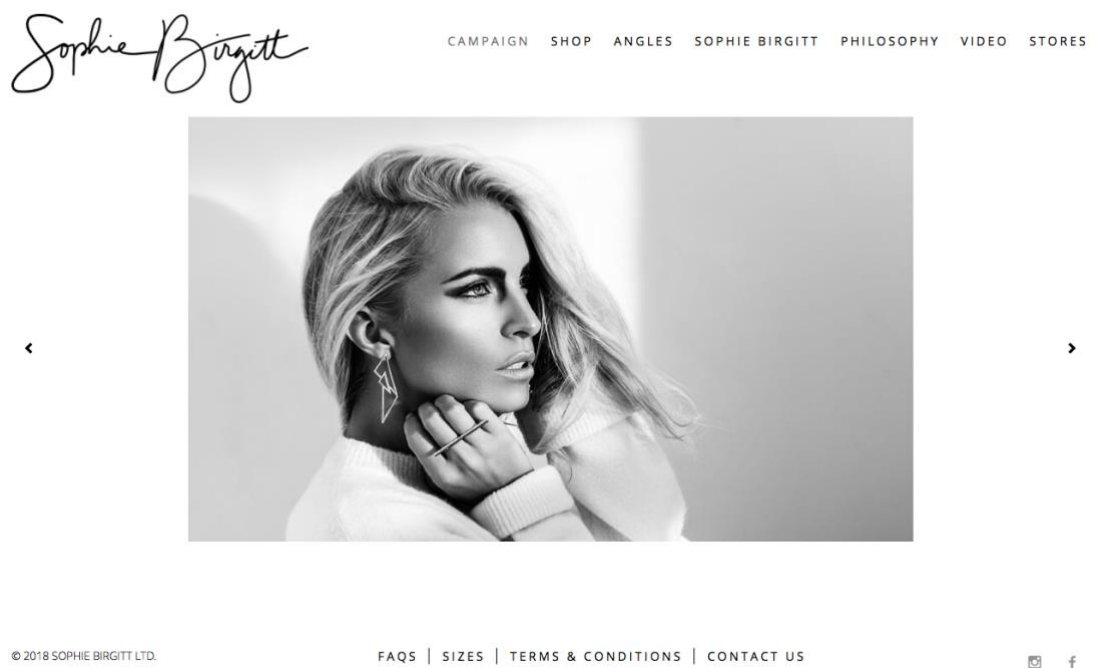


Figure 16. Sophie Birgitt's official website (Sophie Birgitt, 2018)

The jewellery pieces from Sophie Birgitt can be seen below (Figure 17.) and the geometrical shapes can certainly be seen in all of their pieces. Also, the incorporation of precious metals and diamonds is also evident. Their jewellery pieces are categorically

different from Tammi Jewellery's pieces, but there are some similarities, for example, using different shapes and having a Scandinavian vibe to it.



Figure 17. Sophie Birgitt jewellery (Sophie Birgitt, 2018)

## 6.6 Interview with the CEO of Tammi Jewellery

An interview has been conducted with the CEO of Tammi Jewellery, Ms. Miia Saarikko, which will provide insights into the business and also reveal material that is not available to the public. The interview consisted altogether of 14 different questions, which were linked with the literature section of this study. The questions were sent by email to Ms. Miia Saarikko and can be seen from Appendix 1. The author will present the questions below and analyse the answers Ms. Miia Saarikko has given.

1. *What makes the Hong Kong market so appealing compared to other Asian countries?*

*Hong Kong is such an appealing market because it can be seen as a window between Asia and the rest of the world. It is such an international city which can reach consumers from all around the world.*

2. *Why now? Why hasn't Tammi entered the Asian market (yet)?*

*Tammi Jewellery has been looking into international markets to increase the sales volume for the brand, therefore there has been a lot of thought, which market would be interesting for the brand. Since the Tammi Jewellery brand is still relatively small and with available resources, focusing on one market would be easier for Tammi. Asia has always been an interest for Tammi, but the interest for the Hong Kong market came from two people that used to work for Tammi and are currently based in Hong Kong.*

3. *What makes your product and design unique that it will differentiate from the competitors?*

*Nowadays, jewellery industries tend to use 3D printing and computer aided designs, therefore Tammi Jewellery is proud that their jewellery is handmade that uses organic design and textures which cannot be reached by computerized production. The difference can be seen in the detailed surfaces, structures and the contrasts. By using these type of combinations and Scandinavian design, is how Tammi Jewellery differentiates from their competitors in Finland and abroad.*

4. *Will you modify Tammi Jewellery's existing products to the Hong Kong market?*

*According to the comments received from when I visited Hong Kong, it would be beneficial and wise to modify our existing jewellery pieces by adding more precious stones.*

5. *Does Tammi Jewellery have an international plan/strategy when entering the Hong Kong market?*

*Currently, the company does not have a strategy for the international markets, but market research about the Hong Kong jewellery industry will be the first step in constructing an international strategy since Hong Kong is such an unique market with a mix of East and West.*

6. *How has the jewellery industry changed over the past years and has it affected Tammi Jewellery's business?*

*The jewellery industry has been in the past seen as a very classical industry which has separated itself from fashion. Today, people see trendy accessories as jewellery, which has certainly affected the industry, but it has also made the jewellery industry more interesting which is good for the future. For about 10 years, there has not been any significant changes in the jewellery industry, except the increase of using online platforms and online sales.*

7. *What customer segment is Tammi Jewellery targeting on in Hong Kong? Does this differ from Finland's customer segment?*

*Currently, it is hard to set the target group, since the market research is not finished yet and the market differs from the domestic one. The Tammi Jewellery brand is not targeting the mass consumers, but a certain wealth level is crucial, since the products that Tammi intends to distribute to Hong Kong ranges from €500-€10,000. In the fine jewellery segment we consider our brand as a premium product, which is affordable and not competing with the high-end brands. Therefore our products can be impulsive purchases for a consumer. The typical customer that would be attracted to Tammi Jewellery products would be someone who seeks meaning, a story and appreciates the handcrafting.*

8. *What types of consumers do you receive in Finland? Returning customers, impulsive customers or new customers?*

*Most of our customers are new, since we are a small business and targeting growth, but we receive all of types of customers. The majority of the customers would be returning and new customers, since we would receive feedback from customers saying that they are a Tammi fan and really love our products. Impulsive customers are harder to attract, since the products are not available in places that would appeal impulsive shopping. To appeal to the impulsive customer group, one way to reach them would be online.*

9. *How do you think opening an e-commerce site might affect your business and the brand?*

*Opening an e-commerce site can only be positive for Tammi, in terms of sales and awareness. From there it will be easier for Tammi Jewellery to promote the brand and make it easier for the consumers to purchase the brand's products. Nowadays, it is vital for a brand to have an e-commerce site, therefore Tammi is working on it.*

10. *Do you have any concerns about the brand image when entering a new market?*

*Tammi is aware of the adaptations is needed when entering a new market. For example, adjusting the advertising material according to the market; showing local models, instead of having only Scandinavian models. The biggest challenge for Tammi, since we are still a small brand are producing promotion materials and updating social media, since it much more fast-pace in Hong Kong than in Finland.*

11. *Celebrity branding/endorsement has been popular amongst luxury brands, has Tammi Jewellery considered this type of branding strategy?*

*We have our doubts about using celebrity endorsement, since our brand stands for more sustainable consumerism, than what is reflected by many celebrities. But there is definitely an interest in this type of branding in a smaller scale for Tammi.*

12. *What types of obstacles has Tammi faced in the past? And how did you overcome them?*

*In 2000, one of the biggest challenges that Tammi faced in the past, was the increase of gold prices. Tammi has been a large gold jewellery manufacturer, therefore the increase of gold had a dramatic impact on sales and to this day, the production of gold jewellery is still very small, because of the internationally gold price increase. The designs for the gold jewellery did not develop as much due to the price, which decreased the interest for gold jewellery. Now, the price level for gold is not affordable for the mass consumers, but for the wealthier consumer it is still acceptable, especially since the wealth has increased in the world.*

*Competition has always been difficult, with luxury brands competing with each other, however, we see a chance for Tammi – a small luxury brand to outshine the main big players in the industry with more sustainable goals.*

*Currently, one of the main challenges for Tammi Jewellery is growth, since the brand is still small and the limited resources available. Tammi has been distributing their products to jewellery shops, but due to new transformations and a substantial amount of classical jewellery shops closing down year after year, Tammi is looking for quality modern retailers to distribute their products.*

13. *Name three adjectives that best describe the Tammi Jewellery brand.*

*Beautiful, fine detailing and timeless design.*

14. *What are the future plans for Tammi Jewellery?*

*Tammi Jewellery will be concentrating on increasing sales in the domestic market by opening an e-shop and targeting more quality retailers. Also boosting our marketing strategy to create more awareness amongst consumers. Another plan for Tammi, is to extend the brand into a Scandinavian lifestyle brand – finest of Finland, selling the concept of Finland. Especially when considering of entering the Hong Kong market, it is essential for our brand to study and understand the foreign market and what type of sale channels are available for us.*

### **Analysis**

Based on the answers received from Ms. Miia Saarikko, Tammi Jewellery seems to have a good base of understanding the Hong Kong jewellery market. With the help from her acquaintances who are currently living in Hong Kong and have prior knowledge of the brand and the Tammi Jewellery team, they should not have any difficulty coming up with an international strategy for the Hong Kong market. Since Tammi Jewellery is one of the few jewellery companies not using 3D printing and other computer aided programs, their products can be differentiated apart from other jewellery brands.



An important aspect to bring up when marketing the brand abroad, is to sell the history and story of the brand. Nowadays, more consumers are fascinated by the journey of the brand. Therefore, having such a strong heritage associated with the brand and attaching that to their products, Tammi can use that to their advantage. In question 10, when Ms. Miia Saarikko explained how the brand should adjust its advertising material in showcasing Hong Kong models rather than Scandinavian models. As one of Tammi Jewellery's plans is to extend its brand into a Scandinavian lifestyle brand, which showcases the Finnish design and sell the concept of Finland, the author suggests to preserve the "Finnish image" by having the Scandinavian models wearing Tammi's products. This can create a want for the Hong Kong customers, for example, the consumers wish to purchase the lifestyle of the Finnish women that is represented in the advertisement. This can also be used in their domestic market to attract and gain more awareness from Finnish women.

## **7 Conclusion**

The key findings from this study have shown how having a strong brand can differentiate yourself from the competitors in the same market. Especially when a brand has intentions of growing globally, understanding the cultural differences and the customer's needs and wants is essential to gain an edge in the competitive market. Additionally, having a premium or luxury product, the marketing, branding and strategy devised is completely different compared to a mass industry product. Therefore, if a luxury brand is only targeting to a certain consumer group, they must position their brand according to the targeted consumer's preferences. To successfully position a brand in a new market, the company can use different branding tools and making use of the e-commerce platform which has become one of the fastest way to connect with the consumers.

The importance of this research is to gather the relevant information beneficial for any premium/luxury jewellery company that have the intention of entering the Hong Kong market. The research has provided the basic foundation of different business concepts related to marketing, branding and the e-commerce market in Hong Kong. Companies can use the information provided in this study for their advantage when entering a foreign market.

The answers from the interview with the CEO of Tammi Jewellery, Ms. Miia Saarikko were essential to further develop this study to gain knowledge about Hong Kong's market

from the company's point of view. The author would suggest conducting a survey about consumer buying habits in Hong Kong and consumer's preferences in jewellery and the type of marketing content that appeals to them. By conducting such a survey, Tammi Jewellery can achieve further understanding about the foreign market in the view of a Hong Kong consumer. Also, further developing Tammi Jewellery's e-commerce site can bring in a new customer group, which can be beneficial for the brand to gain awareness.

Overall, the market study provided valuable information and essential business tools that Tammi Jewellery can use to develop their brand in Hong Kong. It is vital for a brand to find the suitable target audience, marketing strategy, media presence when entering a new market, to ensure a smooth transition to the foreign market and establishing the brand.

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## **Interview questions**

### ***Interview questions for Ms. Miia Saarikko, the CEO of Tammi Jewellery***

***March 2018***

1. What makes the Hong Kong market so appealing compared to the other Asian countries?
2. Why now?/ Why hasn't Tammi entered the Asian market (yet)?
3. What makes your product and design unique that it will differentiate from the competitors?
4. Will you modify Tammi Jewellery's existing products to the Hong Kong market?
5. Does Tammi Jewellery have an international plan/strategy when entering the Hong Kong market?
6. How has the jewellery industry changed over the past years and has it affected the Tammi Jewellery business?
7. What customer segment is Tammi Jewellery targeting on in Hong Kong? Does this differ from Finland's customer segment?
8. What types of consumers do you receive in Finland? Returning customers, impulsive customers or new customers?
9. How do you think opening an e-commerce site might affect your business and the brand?
10. Do you have any concerns about the brand image when entering a new market?
11. Celebrity branding/endorsement has been popular amongst luxury brands, has Tammi Jewellery considered this type of branding strategy?
12. What types of obstacles has Tammi faced in the past? And how did you overcome them?
13. Name three adjectives that best describes the Tammi Jewellery brand.
14. What are the future plans for Tammi Jewellery?