

LEVEL 7 ASSESSMENT SPECIFICATION

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Academic honesty / referencing:	Academic honesty is required. In the main body of your submission you must give credit to authors on whose research and ideas your work is based. Append to your submission a reference list that indicates the books, articles, etc. that you have used, cited or quoted in order to complete this assessment.		

Executive summary

Chow Tai Fook Jewellery Group (CTF) is a jewellery retailer focused on Chinese gold jewellery and also with diamonds and gems which was established in 1929 in China. Hong Kong as the headquarter with current 68 stores and in China with over 7000 stores (Chow Tai Fook Jewellery Group Limited, 2024).

Chow Tai Fook is one of the pioneers in the industry, not only traditional Chinese gold jewellery but also diamond, gems and jade jewellery in the Hong Kong market.

Through the PETS (political, economic, technological and social) analysis to assess the major external factors that influence the business to become more competitive in the market (Queensland Government, 2024). In 2024 value and volume of total retail sales in Hong Kong is continuously dropping, however under these circumstances Chow Tai Fook Jewellery Group same store sales growth in Hong Kong increased 42.2% by 2024 interim (Chow Tai Fook Jewellery Group Limited, 2024).

On the other hand CTF is facing the challenges of changing customer behaviour. Young consumers are more willing to purchase diamonds and gems that are more stylish, fashionable and elegant than gold jewellery (Chow Tai Fook Jewellery Group Limited, 2023).

In addition, a look at the major internal factors through the value chain analysis found that Chow Tai Fook Jewellery Group has a completed train service for their own business end to end. Even in the market, traditional craftsmanship skill talent is fading, CTF develop and invest their own talent with their own master studio to support the business (Chow Tai Fook Jewellery Group, 2024).

Defending the current segmentation, targeting and positioning from Chow Tai Fook Jewellery Group's marketing strategies by 4Ps of the marketing mix then

analysing the segmentation, targeting and positioning is workable for CTF (Hill, 2012).

Furthermore, based on the current marketing mix to determine what is missing for CTF which is without their own online store, the product is not following the changes for customer behaviour and lack of interaction with consumers, especially on social media. These also are the major areas that CTF needs to improve as recommended

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This report will introduce the background of the chosen company Chow Tai Fook Jewellery Group. Then will look into the current situation through external and internal analysis. Following with the group segmentation, targeting and positioning and the marketing mix. At last, based on all the analysis and findings to determine the gaps are, then provide a 3 year plan of recommendations.

1. Background of Chow Tai Fook Jewellery Group

Chow Tai Fook Jewellery Group (CTF) is a jewellery retailer focused on Chinese gold jewellery and also with diamonds and gems which was established in 1929 in China, then launched the first branch in Macau in 1938 and expanded to Hong Kong in 1939 on 148 Queens Road the central of Hong Kong. In the 1950s Chow Tai Fook shifted their focus from Macau to Hong Kong, a larger retail market and also leveraged Hong Kong as the headquarter with current 68 stores. In the 90s CTF returned to the China market and in the 2000s CTF expanded the business widely from the capital city to the other cities across China with over 7000 stores (Chow Tai Fook Jewellery Group Limited, 2024).

In the current Hong Kong market Chow Tai Fook is one of the pioneers in the industry, not only traditional Chinese gold jewellery but also diamond, gems and jade jewellery. In the 1990s, CTF was the first to launch the “Fixed Price” policy in the industry which improved the customer experience by transparent and fair price, also created a protection for the customer. The mission of CTF is to be the leading global jewellery brand that is a trusted lifetime partner for every generation (Chow Tai Fook Jewellery Group Limited, 2024).

2. Situation analysis of CTF

In this section will analyse what are the macro and micro environment factors that influence the Chow tai Fook Jewellery Group in the industry and Hong Kong market by following with a SWOT summary.

2.1 External analysis by PETS

Through the PETS (political, economic, technological and social) analysis to assess the major external factors in the macro environment that influence the business to become more competitive in the market (Queensland Government, 2024).

Political

In Hong Kong all business dealer in precious metals and stones are required to register which introduce a registration regime for dealers in precious metals and stones for commencement in April 2023 (Customs and Excise Department HKSAR, 2023)

However in Hong Kong there is no regulation for gold price. Retailers may define their own gold price by referencing international gold prices such as Loco London Gold and XAU/USD (Hang Seng Bank, 2024).

Economic

According to the Report on Monthly Survey of Retail Sales that was released in May 2024 (Census and Statistics Department HKSAR, 2024) the value and volume of total retail sales in April 2024 decreased by 14.7% and 16.5% compared to the same period from 2023. There is a larger decrease for jewellery, watches and clocks, and valuable gifts which dropped 28.7% in value of sales from the previous year (Census and Statistics Department The Government of HKSAR, 2024). However under these circumstances Chow Tai Fook Jewellery Group same store sales growth in Hong Kong increased 42.2% by 2024 interim (Chow Tai Fook Jewellery Group Limited, 2024).

Social

The first impression of gold jewellery is traditional gold accessories for marriage and very few will think of daily accessories which created a strong stereotype for the young consumer Hong Kong (HKTKWW, 2023). Chow Tai Fook Jewellery Group Limited (2023) released a 2023 Jewellery Consumer Trends Report as the result of the survey 77% of Hong Kong consumers will purchase pure gold jewellery for significant life events such as weddings, birth and Chinese festivals.

Currently young consumers are more willing to purchase diamonds and gems 47% of consumers will purchase diamonds and gems as self awards and 45% of consumers believe diamonds and gems are more stylish, fashionable and elegant than gold jewellery (Chow Tai Fook Jewellery Group Limited, 2023). Even for wedding and engagement 73% of Hong Kong consumer diamonds can represent eternal love/true love and 90% of Hong Kong female consumers will purchase diamonds and gems jewellery for daily wearing (Chow Tai Fook Jewellery Group Limited, 2023). Based on the survey result we can observe the market need of gold and customer behaviour have changed during time by time.

Technological

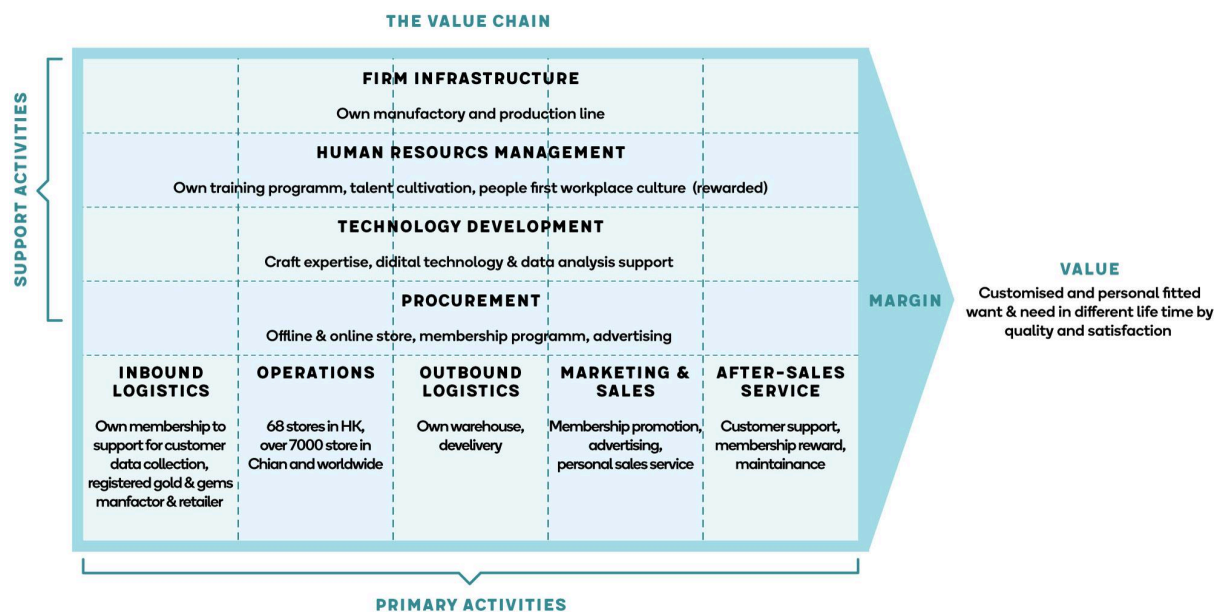
Except traditional craftsmanship nowadays the industries integrated advanced techniques, such as electroforming, 3D prints, computer numerically controlled (CNC) with traditional craftsmanship skills to improve efficiency (HKTDC, 2024). Traditional craftsmanship represents elements of Chinese cultural heritage and this traditional craftsmanship skill talent is reducing. The lack of young people who are willing to learn traditional craftsmanship will break the inheritance (HKTKWW, 2023).

Except for technical craftsmanship the current market is transitioning from physical store to online store.

2.2 Internal analysis by Value chain analysis

Through the value chain analysis to assess the major internal factors in the micro environment that influence the CTF business operational effectiveness and strategy to become more competitive in the market (Harvard Business School, 2024).

Figure 1 The value chain analysis



Sources: Contribute by writer

Chow Tai Fook Jewellery Group can provide a completed train service for their own business. From the raw materials are supplied by long term relationship, qualified and stable suppliers then transit to CTF own manufactories for productions. CTF also has their own product development and design team which work closely with experienced craftsmen. A combination of traditional craftsmanship, innovation and technology to create the unique jewelleryes (Chow Tai Fook Jewellery Group, 2024).

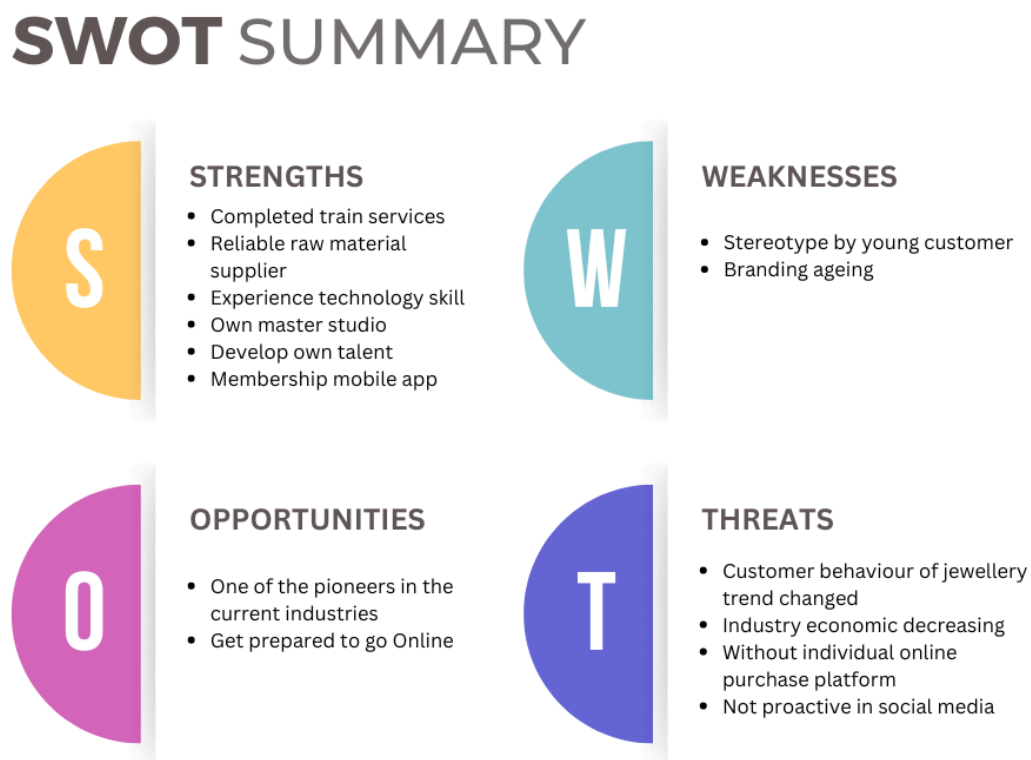
Nowadays CTF provides a number of platforms for their customers, not only physical stores but also online stores and mobile applications for their customers to access at any time. In store CTF can provide 1:1 personal sales for the customer to understand their needs and wants, also creating the connection by

the membership program to engage customer revisit which has a 37.3% repeat purchase rate in Hong Kong (Chow Tai Fook Jewellery Group, 2024).

2.3 SWOT Summary

Through SWOT can understand the business internal strengths and weaknesses, also what are the opportunities and threats in the current industries and markets (Puyt, Lie and Wilderom, 2023).

Figure 2 SWOT summary



Sources: Contribute by writer

Referring to the above SWOT summary Chow Tai Fook Jewellery Group compared with the competitors there are a numerous of strengths, as CTF has their own complete train services and they also have individual master studios which can avoid the leakage of traditional craftsmanship. In addition, CTF is a mature brand and one of the pioneers in the industries therefore even the

economice is not performing well the business is still growing slowly. However it still needs to move forward to match trends and the market needs based on the customer behaviour changes, such as going online.

3. Segmentation, Targeting, and Positioning Strategies

This section will look into the current segmentation, targeting and positioning to analyse Chow Tai Fook Jewellery Group's marketing strategies.

3.1 Segmentation and Target

In Chow Tai Fook Jewellery Group there are 57% of female customers and 43% of male customers. Therefore CTF segmentation is divided by gender and the main target group is female which is obviously seen by the CTF advertisement (Chow Tai Fook Jewellery Group, 2024).

Figure 3 CTF advertisement of "Rouge" collection



Sources: Chow Tai Fook Jewellery Group, 2024

3.2 Positioning Strategies: Price Vs Quality

Gold jewellery is one of the main focus products in CTF business by providing a high quality of pure gold jewellery with craftsmanship and innovative design. Also enhancing the quality of earnings by optimised pricing and operational efficiency (Chow Tai Fook Jewellery Group, 2024).

As the mean time driving a sustainable long-term value creation for the stakeholder who continues to invest in technology and innovation for further improvement and enhance the capability to deliver a comprehensive and high quality of the customer experience (Chow Tai Fook Jewellery Group, 2024).

4 4Ps of Marketing Mix

Marketing mix is initially generated by 4Ps (product, price, place, promotion) which can help to understand what the business is providing for their potential and existing customers (Hill, 2012).

4.1 Existing Marketing Mix

Firstly look into the current marketing mix of Chow Tai Fook on figure 4 that shows the current 4Ps (product, price, place and promotion) which provide for the market.

Figure 4 4Ps of Chow Tai Fook



Sources: Contribute by writer

Product

Pure gold jewellery in CTF group is one of the main focus of the business, the business not only providing the jewellery itself but also a set of services to maintain the long term relation with the customer.

Price

The retail prices are at mid-to-high-end which is aligning with the market of luxury jewellery products average retail price from HKD \$2,000 to HKD\$ 100,000 (HKTDC, 2024). Although gold price is floating, CTF is providing a “fixed price” and customers are purchasing exactly what is listed on the product (Chow Tai Fook Jewellery Group, 2024).

Place

CTF jeweller can only purchase directly in their physical store or through HKTVmall online platform.

Promotion

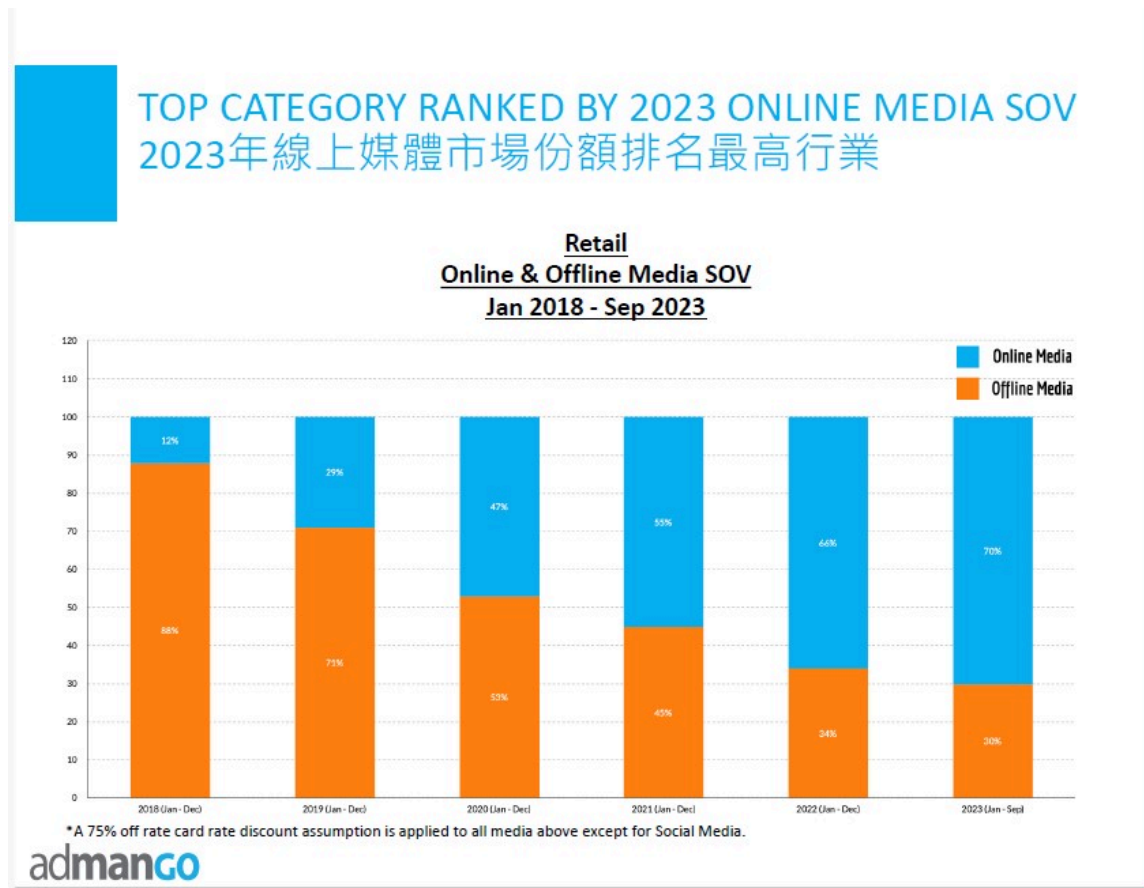
The business normally runs through different types of advertisement such as television, in-store, billboard, transit, etc. The promotion information also will be delivered by personal selling which can reach out to the customer directly and provide exclusive promotion for the CTF members.

4.2 What is missing for CTF?

According to the marketing strategy implications of consumer goods classification gold jewellery falls into shopping goods and services which CTF's current marketing strategy approach is appropriate (Mullins and Walker, 2013). The product is available in their own stores with personal selling. Also the business is providing all sets of custom support such as product customisation, fitting, warranty, repair etc.

CTF offers their customers a combination of tangible and intangible products which enhance the customer experience and satisfaction. However when looking at the trend on figure 5 shows retail online market share is increasing and up to 70% (AdmanGo, 2024). Also look at the online sales in April 2024 increased by 11.4% over a year earlier (Census and Statistics Department The Government of HKSAR, 2024). Based on the trend and the sales performance that reflect it is the gap but also is the opportunities for CTF to expand online by their individual platform. Through online platforms that can create and increase customer engagement then can build a long-term relationship with the customer (Lim and Rasual, 2022).

Figure 5 Retail Online & Offline Media SOV: Jan 2018-Sep2023



Sources: AdmanGo, 2024

However, by observing the entire gold jewellery industries are not active in social media, not only Chow Tai Fook but also its competitor which is a phenomenon instead of a specific case.

5. Conclusion and Recommendations

Based on the business performance of Chow Tai Fook Jewellery Group which is performing well in the current market even the overall retail sale performance in Hong Kong is dropping.

Through the external, internal analysis and the existing marketing mix of Chow Tai Fook Jewellery Group we observed CTF as the pioneer of the current market that is full of strengths and capacity of the current situation. CTF understands their strengths and opportunities and already reacts by following the trend and

understands the customer needs and wants. However, not only CTF but also the entire gold jewellery industries are not putting much effort on social media and online platforms. All the existing online stores rely on a third party platform not their individuals.

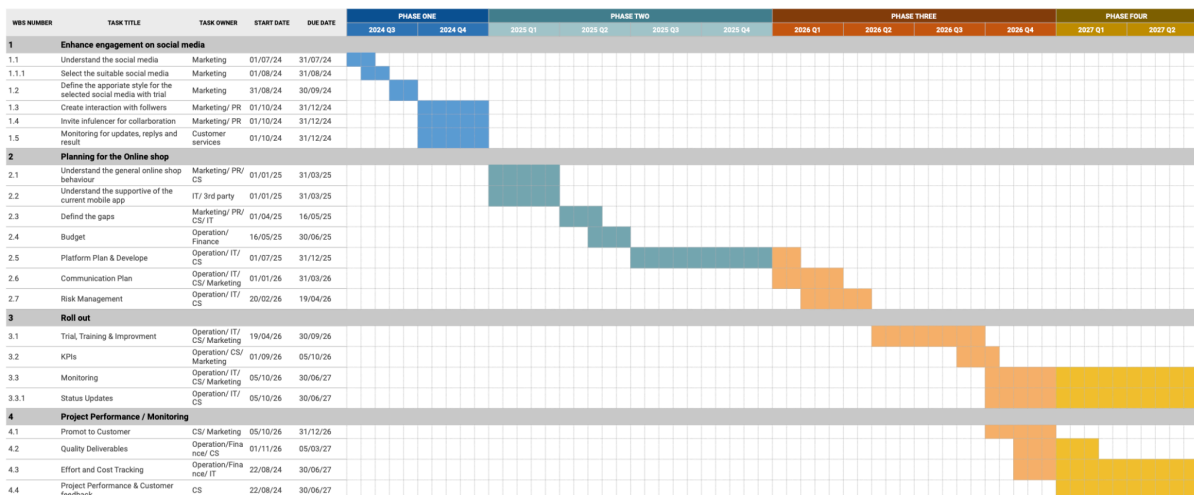
5.1 Recommendations

For better performance CTF can retain the existing segmentation, targeting and positioning strategies to improve a few specific areas, such as developing their own online store, creating a trend of daily wear gold jewellery and focus on the social media to engage with the customer.

The following gantt chart will provide further details for the 3 years plan.

Figure 6 Gantt chart of 3 year plan

GANTT CHART of 3 Years Plan



Sources: Contribute by writer

The 3 years plan is to focus on the following three areas are online purchase platforms and increase engagement in social media and create the trend of wearing gold jewellery.

Create the trend of wearing gold jewellery

According to the market trend and the survey done by CTF earlier, Hong Kong female consumers are willing to purchase diamonds and gems jewellery for daily wearing instead of gold jewellery (Chow Tai Fook Jewellery Group Limited, 2023). Therefore should establish a trend or wear gold jewellery daily or develop a new line that is gold jewellery based and mix with diamonds and other gems to create a more stylish, fashionable and elegant look and feel.

Furthermore can collaborate with celebrities or KOL that are popular and active on social media. Through the celebrities and KOL they can share the tips on how to wear gold jewellery to match with their outfits that can help to bring up the trends and bring the wants to the customers (Lee, Grinevich. and Chipulu, 2021).

Increase engagement on social media

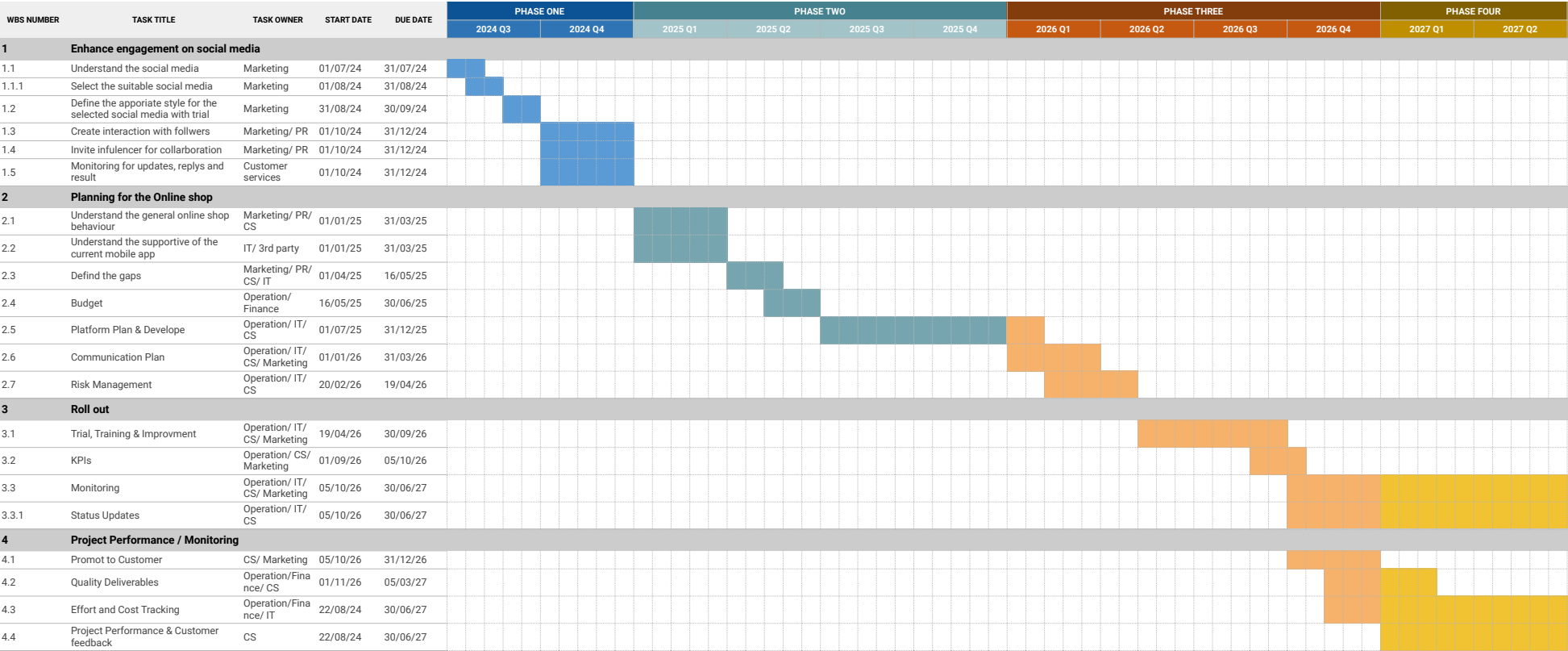
Effective use in social media which helps to increase customer engagement. By the right platform can understand the target audience, draw the audience's attention, keep engaging, then analyse the data and adapt to the strategies (Wibowo *et al.*, 2021). Good customer engagement can bring customer retention, create new customers, strengthen customer loyalty and enhance customer satisfaction (Lim and Rasual, 2022).

By observation, most of the gold jewellery retailers are not putting effort on social media and just share or provide information in one way. Recommend to change the style on social media based on the individual social media. For example, Instagram users are more frequent to update and share short videos, stories and photos. Also stories support different types of interaction functions, such as asking questions, poll, and ect. These can create the interaction with the followers, increase the engagement and increase the sharing (Wibowo. *et al.*, 2021).

Online purchase platforms

Chow Tai Fook can use the existing membership mobile application to extend the function. Once the online purchasing function was established that also required few supporting functions to enhance the online shopping experience. These are real time customer service to replace the personal selling in store and a generator that can simulate fitting for the customer. As gold jewellery is luxury goods customer may need further consideration before purchase and online shop could not perform as same as offline shop therefore real time customer service and fitting simulation is important for the customer which can create extra values for the customer and also enhance customer engagement and satisfaction (Lee, Grinevich. and Chipulu, 2021).

GANTT CHART of 3 Years Plan



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