



BVLGARI

# Research Justification

Camille Le Bas

80298

**Author**

Camille Le Bas

Student number: 80298

Email: [leba0002@hz.nl](mailto:leba0002@hz.nl)

**University**

HZ University of Applied Sciences  
International Business and Languages  
Edisonweg 4  
4382 NW Vlissingen, Netherlands

**Internship organization**

Bvlgari France  
23 Place Vendôme  
75001 Paris, France

**In-company supervisor**

Mrs Aude De la Chaussée  
Deputy manager

**Graduation supervisor**

Ms. V. Yazbek

**First examiner**

Mr R. Jeffery

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# 1. Introduction

This research justification aims at explaining the importance of the local customers for Bvlgari, Place Vendôme and how to recruit and retain them. The luxury industry is very competitive and the business needs to face a stiff competition. Innovation and development are keys and therefore, the shop needs to address the question of the local customers. In order to highlight the reasons and the different possibilities to tackle this challenge a company and product analysis have been made. Furthermore, the research has been approached and each step of the process have been detailed. Several interviews have been conducted and the results will be explained in this report.

Disclaimer: due to a strict confidentiality policy at Bvlgari, detailed financial figures couldn't be shared, therefore only percentages were used and the tables are not added to the appendices.

## 1.1 Company/product analysis & trends and developments in their industry/product group

Bvlgari, is the perfect incarnation of Rome's greatness. The name Bvlgari carries its link with Rome through the Roman U. This familial business is highly connected to Italy as, Sotirio Bulgari, a gifted Greek silversmith, created the company in 1884 in Rome. Since the beginning, the Eternal city is source of inspiration and is represented in all the designs of the jewels and watches. The architecture, nature and monuments have influenced the brand in all manners. With its exquisite craftsmanship and stunning jewellery designs, the brand swiftly gained a reputation for Italian perfection.

Despite being an international brand presents on all continents, Bvlgari kept a small corporation culture. Everything is very centralized, all decisions must be approved by Rome, the core of Bvlgari. The shop is part of the France, Belgium, and Monaco area. It is one of the flagships of Bvlgari and by far, one of the prettiest shops existing.

Bvlgari creates and offers all type of high-end products and services. The company started by creating and selling jewellery since 1884 and increased their range of products by offering watches in 1977 with the collection BVLGARI BVLGARI. They added to their collection perfumes, leather goods, eyewear and now own some hotels and resort since 2004(*Bulgari website*).

Bvlgari's long lasting business is due to its capability of innovation and adaptability to the changing world while keeping its essence. Considered as the leader in the high jewellery industry, the brand is famous for the use of colorful gems and boldness in its creations. Since the beginning, Bvlgari proved its loyalty to Rome, foundation of the brand (*Bulgari website*).

Bvlgari's success started in the early 50's when the company became the jeweller of the stars. Some celebrities like Anna Magnani or Elizabeth Taylor helped to create Bulgari's reputation. The brand gained visibility, mainly due to its growing presence and popularity among the world's elite. The jewels were seen on red carpets and other major events which sustained its expansion. During the 70's, the brand opened other stores around the world, like in New York, Monte Carlo and Paris. This really marks Bvlgari's global expansion (*Meylan, 2017*).

In 1995, Bvlgari reached a new milestone by becoming listed on the Milan stock exchange. From 1997 and 2003, the company's sales increased by 150 percent. Bvlgari is one of the most successful luxury brands in the jewellery market because to its ongoing development of numerous brands.

In 2011, Bvlgari signed a strategic alliance with LVMH, the world's leading luxury group which support the expansion strategy of the brand. According to the terms of the agreement, the Bulgari family's shares in Bulgari S.p.A. would be transferred to LVMH in exchange for all their shares at a price of €4.3



billion (\$6.0 billion), which was more than LVMH had previously offered for any other business. This alliance shows the recognition of the brand and its power in the jewellery industry (LVMH, 2011).



Figure 1: GDP growth in percentage of Bvlgari, evolving through time.

Bvlgari now owns more than 300 shops, symbol of its worldwide influence. The business is also committed to making the world a better place thanks to its partnerships with Save the Children since 2009 which includes a co-branded collection. Until now, more than \$ 100 million have been collected (Bulgari website).

The jewellery industry is growing and promising, in 2023, it will generate US\$2.46 billion in revenue. The market is anticipated to expand by 0.43% yearly (CAGR 2023-2028). In 2022, the revenue of the LVMH group regarding these segments was about US\$10.58 million (Statista, 2023) which show the importance of the industry, especially in France where people are highly attached to the luxury industry.

To sum up, Bvlgari has revolutionized the jewellery industry by using innovative materials and methods. The use of colourful gems and creative designs made it where it is now. The familial business never stopped growing to positioned itself at the top of the pyramid and maintained its position throughout time. The power of its business model reflects its adaptation capabilities and its worldwide influence. However, the company must continue to adapt and improve to remain successful.

## 1.2 Problem analysis

Despite being a global leader in the jewellery industry, Bvlgari's position in France is still relatively new. Even though the shop and the brand in general is gaining popularity on the French market since few years, it is still noticeable that the local customers retention and recruitment still remain a challenge.

Thanks to the pandemic, Bvlgari Vendôme has been able to observe that it is in fact dangerous to depend on one type of customers. This crisis highlighted an unexpected problem that the shop must face. Indeed, it has been shown that a large proportion of clients are not French which means that the turnover relies mainly on the foreigners' consumptions. Indeed, in 2022, local customers accounted for 16% of the turnover (Bulgari, monthly review). It not balanced enough; the percentage should be higher. As the Covid-19 demonstrated, a business should not only rely on one segment market if it wants to prosper. The number of local customers is quite important; however, the short-term objective is to increase and retain this target group. Due to globalization, the origin of the turnover is highly diversified and therefore it can be unstable and suffer from this heterogeneity as well. Indeed, people tend to travel more which means that the customer bases of the local shops broaden and they don't rely only on the local customers anymore but also on tourists. It is positive for businesses as they are now able to target more clients, however it also means that if something happens like the Covid 19, shops can be hardly impacted.

This pattern has a direct impact on the shop and therefore could also impact the brand itself and its turnovers, as well as the LVMH group. As a matter of fact, the importance is high for the group, the company, the shop, and the employees; thus, the problem should be addressed. Consequently, we will state and analyse the problem by using the 6W2H method to make it visible and clear.

The problem is to increase and retain the number of local customers in the specific shop, Bvlgari Place Vendôme. The diverse origin of the customers has created an imbalance which doesn't allow the business to anticipate and act. By tackling and reducing this imbalance the shop will benefit. Because of a too high diversification in the customer base and the fact that foreign clients have a strong power purchase at the shop a dependency has been created. In fact, the Covid 19 and the several political manifestations have demonstrated the importance of the local customers and why they should be targeted more. Indeed, it has a direct impact on the turnover of the shop which shouldn't rely only on one target segment. This situation has been the most observed in the Bvlgari shop, Place Vendôme in Paris, France. The Bvlgari France, Belgium and Monaco filial is aware at all scale of the importance of this challenge which is to recruit and retain local customers. We suppose that this problem is observed for the first time in this shop, but recurrent on bigger scale. In fact, it is a current challenge that many businesses including Bvlgari face. All shops want to target their local customers as they are the most reliable ones and the one always around. This is the reason why this research will be beneficial for the shop but also for the business. The problem was and is still observed by the traffic in the shops, the sales figures and by the percentage of the turnover realized thanks to the local customers.

### 1.3 Research questions

In this part, the research question will be clearly expressed.

After working at the shop and observing the situation, we can firmly affirm that the people working at the Bvlgari shop located Place Vendôme in Paris want to know: **How to recruit and retain local customers?** This is the major challenge that needs to be addressed. The Return on investment is both short-term and long-term. In fact, by improving its strategy the shop will directly notice the results which will last over time and will help the business to prosper on a longer term.

To conduct this research and point out where is the problem and what are the solutions, we worked with the sales team, the manager of the shop and the people working at the head quarter. By running some desk and field research, we were able to highlight and analysed important data, crucial to deliver a professional and complete report.

Thus, the **Research question** is the following: How to recruit and retain local customers at the Bvlgari shop located Place Vendôme in Paris, France?

Some of the **sub questions** could be the following:

1. What is the impact of the local customers 'buying behaviour on the turnover of the shop?
2. What actions could be taken to retain this target group?
3. How can we increase the number of local customers?

### 1.4 Project aim

The project aims to highlight solutions to increase the French customer base at Bvlgari and to find sustainable solutions which could tackle the challenge the shop is currently facing. Re seduce the local customers and sustain the leading position in the high-end jewellery market are the two main goals related to the project and which correspond to our main research question.

To support the research justification, a professional product will also be delivered. A newsletter about cultural things to do in Paris has been created and will be available for sales advisors. The goal is to offer something different to the customers and to differentiate Bvlgari from the other brands. The luxury industry set itself apart from the other industries as one of its main differences is the customer experience that is offered and proposed. Indeed, it is a must to satisfy any needs and desires a customer could express. The level of customer experience is very high and therefore the competition among the

different brands is stiff. Understanding the needs of the customers will enable the business to increase and retain the local customers.

The aim of this project is to attract more people and satisfy a possible need, to know what could be done and seen in Paris and the surroundings. The newsletter provides general culture, conversation and news, something much required in the luxury industry and during the sale process. It has been observed that many customers local or not, are willing to do more activities and discover what Paris has to offer. This is directly link to the sales and marketing work and management tools

Furthermore, the SMART method has been used in order to set and acknowledge the goals.

**Specific:** The goal is to increase and retain the number of local customers visiting and buying from the shop located in Place Vendôme.

**Measurable:** It is measurable as we have a direct insight into the numbers and the percentages of local customers.

**Achievable:** It is already part of the main strategy of the shop and therefore, primary research and analysis have been conducted to determine its achievability. By pointing out the reasons and highlighting the different solutions the goals will be attainable.

**Relevant:** It is relevant to the shop as an increase of local customers would imply more stability for the business and increase the turnover.

**Timely:** The analysis, solutions and research will be handed in by June which means that after that the actions can be taken and results observed. As mentioned above, the ROI is short and long-term, some results will be quickly obtained.

## 2. Research approach

In this chapter, the research will be approach by detailing the different steps that have been taken regarding the three sub questions. Each step is important for the research justification process and facilitate the operations.

### 2.1 What is the impact of the local customers' buying behaviour on the turnover of the shop?

The impact of the local customer's buying behaviours on the turnover of the shop is an important metric to take into account. This is the reason why this sub question was chosen to be the first one. In fact, it will condition the other ones. Understanding the impact that the local customers' buying behaviours can have on the turnover of the shop will enable the business to act and face it. In fact, by recognizing the different buying behaviours, and precepting how it impacts the shop, it could try to rectify the different behaviours and work around them. By analysing the situation, we can after determine how to retain and increase the numbers of local customers by adapting the actions. Adaptability is the key to any businesses long-term success. Because it gives an organization a competitive edge, adaptability in business is essential for business growth and success. A business must move quickly to adapt to recent market changes, including shifts in client tastes and preferences. A company can stay relevant in the modern business environment by adapting to these developments (Harper, 2022).



### 2.1.1 Review of relevant literature

Any good reports or documents have to be based on relevant literatures. The desk research part was very important. The research was based not only on observations and data analysis but also on relevant literature. Reliable and valid sources were used. The following links are examples of sources that were used for the research justification in order to answer the first sub question.

- <https://www.forbes.com/sites/stephanegirod/2021/01/13/how-luxury-brands-plan-to-reconnect-with-local-consumers-in-post-covid-2021/?sh=53a2f0b432e8>
- <https://cpp-luxury.com/challenges-for-luxury-brands-in-reconnecting-with-the-local-customers-post-covid-situation/>

The concept of desirability and the importance of the relationships with the local customers in the luxury industry have been highlighted. The brand desirability is probably the key point of any luxury brand and part of the luxury concept itself. Brands position themselves in the luxury market because they have created and maintained desirability among their customers. The relationships are also very important because without this connection and communication, any luxury brands could not face the competition. Customers are more exigent when it comes to purchase luxury goods, something perfectly highlighted by the second website.

### 2.1.2 Operationalisation

Operationalization is the process of converting vague ideas into quantifiable observations. We had to analyse the first sub questions and find concepts that could be explained later. We can methodically gather data on processes and phenomena that are not easily identifiable through operationalization (Bhandari, 2022). For this question, two concepts have been selected; the communication and the environment.

Concepts	Dimensions	subdimensions	Indicators	Possible interview questions					
Communication	ways of communicating	verbal/non verbal	importance of the verbal communication	Do you believe the communication influence the buying behaviours?	Environment	internal	shop	importance of the design	Is the shop environment important to local customers?
			degree of non verbal communication	In your opinion, are customers sensitive to non-verbal communication?			location	influence of the location	To which extent the location of the shop can impact the locals buying behaviours?
		offline/online	degree of online communication	Is maintaining an online communication important to local customers?		external	events	crisis and political issues for instance	Does external events like strikes and manifestation influence the customers?
			number of different mediums used	Would you say that using different means of communication is beneficial?					Do you have any example of events that have influenced the buying behaviours of local customers?
	relationships	friendly relationships	small talk	To which extent locals customers are sensitive to the relationships ?			weather	influence of the weather	To which extent the weather can influence the local customers buying behaviours?
			personal conversation	Do you think building a long term relationship is important for the local customers?					Is the external/ internal environment important to local customers?
		Professional relationships	strictly business talk	Do you think local customers pay more attention to the relationship they have than tourists?					

Figure 2: Own table

In addition to these two concepts, we could also highlight the purchasing power among local customers. In fact, it is an important metric that directly impact their buying behaviours and the turnover of the shop. The purchasing power in France has remain the same (*Macroeconomic Projections – March 2023, 2023*), however due to the global economic, its fluctuations and events like the war in Ukraine, the rising energy prices and the uncertainty people tend to save more and spend less in non-essential purchases (*French Households: Purchasing Power Is Under Pressure, n.d.*) which impact the business.

### 2.1.3 Units of analysis

To understand better the buying behaviours and how they can impact the turnover of the shop, some researches were done to determine the several customers behaviours the shop may face. We have selected five of them that suit the luxury industry and the type of products offered (*Indeed Editorial Team, 2023*). This research was part of the operationalization and unit of analysis process, it is further detailed in appendix 8.

- Habitual buying behaviours is when the customers often don't give their purchases much care or consideration.
- The complex buying behaviours occurs when someone buys an expensive good or service.
- The impulsive buying behaviours result in customers taking little to no time to make a decision. An impulsive buyers can become a habitual one which is promising for the shop.
- The spendthrift buying behaviours correspond to customers that are much more concerned with a product's quality than its price.
- And finally, the expressive buying behaviours which lead to buying usually giving consideration to the kind of relationship and experience they have with the products or services.

This research was helpful in the analysis part and was partially use to determine the changing buying behaviours and the impact it might have on the shop and on its turnover. The monthly review has also been studied to bring an analytical point of view and to point out the weight the buying behaviours have on the turnover of the shop.

### 2.1.4 Data collection & data analysis

Regarding the data collection, it was planned to ask for the help of the managers. Their expertise on the market was very useful. They also have access to the figures and data of the shop. This was probably the part most time-consuming as it was the base of a good and reliable report. Furthermore, some interviews were conducted to gather more information and collect different point of views and perspective, something important for a valid research justification.

Respecting the data analysis part, we already knew there is a correlation between the local customers and the turnover of the shop, therefore we had analysed whenever the local customers spending part is smaller how was the turnover and if there was a noticeable change or not.

### 2.1.5 Expected limitations, reliability & validity

The main limitation expected was the privacy policy which is very strict at Bvlgari, precise and detailed figures were not allowed to be shared. We had to work with percentages and approximations. Time was another limitation because due to the small amount of time we had, we couldn't organize more interviews or go deeper in the research.

Regarding reliability and validity, all information came from reliable sources such as from the managers and people directly in charge of the shop and therefore competent enough to share reliable data. Annual reports or fact sheets were used and interviews were conducted using valid sources.

## 2.2 What actions could be taken to retain this target group?

### 2.2.1 Review of relevant literature

Due to the fact that this is a current and important challenge that a lot of businesses are facing, many information can be founded online. For example, the following links:

<https://blog.hubspot.com/service/customer-retention-strategies>

<https://luxurysociety.com/en/articles/2012/10/10-retail-strategies-for-luxury-brands-to-improve-crm>

Many retention advices have been shared in these websites. We learnt a lot about the strategy and how to address this challenge. In fact, the customer retention strategy is quite different in the luxury industry, this is mainly due because of the customer bases. Indeed, because of higher expectations it can be harder to retain customers. Different examples are given and proper advices are shared in the above links. It was very useful to use them during the interviews process.

In addition to these websites, we used the marketing content that has been studied in class.

### 2.2.2 Operationalisation

Regarding the sub question, three concepts were being highlighted. In fact, the environment is important for customers and therefore it is something to focus on to retain them. It is similar for the customer experience. In the luxury industry, the customer experience is crucial and cannot be left out, especially for local customers. Finally, the brand image which is also an important aspect because customers are attached to the brand and what it represents. This is why to retain local customers the brand image should be unmistakable.

Concepts	Dimensions	Subdimensions	Indicators	Possible interview questions					
Environment	shop	atmosphere	well-being	Do you think local customers are more sensitive to the atmosphere than tourists?	Customer experience	treatment	privileges	consideration	To which extent are they seeking for privileges?
				Do you think the design of the shop attracts local customers?			tailored CRM	adaptability	Do they require a tailored CRM or is it not a need?
		design	attraction	To which extent does the shop influence the customers?					Should we treat them differently than tourists?
				To which extent does the shop influence the customers?		relationships	events	prestigious	Are they expecting to be invited to events?
	place	location	feeling privileged	Would you say that local customers tend to seek for more privileges?			communication	maintaining a link	Is communication more important with them?
				Do you believe the environment plays a role in the sales process?				Are local customers more sensitive to a good customer experience?	
									Do you think local customers require more attention than tourists?

Figure 3: own table

### 2.2.3 Units of analysis

To answer this sub question, KPIs (Key Performance Indicator) have been analysed and the actions that the shops is already taking have been studied as well. To collect even more data and information, a total of four interviews were done and a protocol was followed. It was conducted in a professional way so that reliable data can be provided. The reasons why the four persons were interviewed are detailed in appendix 9.

### 2.2.4 Data collection & data analysis

Regarding the data collection, several interviews were organized with different stakeholders. Gathering different point of views and opinions is important to be objective and write a reliable report. These interviews and discussions were professionals and all the data that have been collected were correctly used. Following the desk and field research, we have analysed the data. Figures and numbers that the shop already own have been studied as well.

### 2.2.5 Expected limitations, reliability & validity

As mentioned previously, the main limitation expected was the privacy policy which is very strict at Bvlgari, precise and detailed figures were not allowed to be shared. We had to use percentage and approximations. It is quite normal in such a company that any financial figures or data that could be used to benchmark are private.

Regarding reliability and validity, all information came from reliable sources such as managers and people directly in charge of the shop and therefore competent enough to share reliable data. Annual reports or fact sheets were used and interviews were conducted using valid sources.

## 2.3 How can the number of local customers be increased?

### 2.3.1 Review of relevant literature

To answer to this sub question some relevant literatures have been studied. The following website gives some useful tips on how to increase the number of local customers and attract more people to the store. <https://mediaboom.com/news/how-to-get-local-customers/>

Desk research is an important step for the process as it helps to have an overview of what exactly is the sub question and how it can be answered. However, it was quite difficult to find reliable and valid sources. Indeed, most of the data available on internet on this topic are from blogs or other websites. The following book was founded; however, it is not entirely related to the topic as it is not about luxury brand but about local businesses.

[https://www.google.fr/books/edition/Driving\\_More\\_Customers\\_to\\_Your\\_Local\\_Bus/JNCh5rbF13MC?hl=fr&gbpv=1&dq=How+can+the+number+of+local+customers+be+increased+%3F&pg=PP4&printsec=frontcover](https://www.google.fr/books/edition/Driving_More_Customers_to_Your_Local_Bus/JNCh5rbF13MC?hl=fr&gbpv=1&dq=How+can+the+number+of+local+customers+be+increased+%3F&pg=PP4&printsec=frontcover)

### 2.3.2 Operationalisation

To increase the number of local customers, their loyalties have to be boost and to do so, the communication and the pro-activity are two important factors. The following table has been made to make these ideas more concrete and visible.

Concepts	Dimensions	Subdimensions	Indicators	Possible interview questions
Loyalty	brand awareness	visibility	increase visibility	Do you think the shop receive enough visibility?
	communication	advertisement	ambassadors	Are you aware of an increasing visibility since few years?
		marketing strategy	KPIs / drive to store operations	Would you say that Bvlgari communicate enough with their local customers about the shop? Do you think the marketing strategy target enough the local customers?
	community	"Be Bvlgari"	belongings	Do you feel that Bvlgari has created a community?
Pro- activity	actions	1 to 1	organization of several actions	Do you think the shop should invest more in events and 1 to 1 actions?
	events	local events	prestigious	To which extent organizing events is positive and bring new local customers?
	community	collaboration	short and long-term contract	Do you believe that collaborating with other (local) businesses help in the recruitment process?
		partnerships	short and long-term contract	To which extent partnerships are beneficial for the shop?
				Do you believe the shop is pro-active regarding the recruitment of local customers?

communication	feedback	improvement	constructive	Do you believe that the VOC have a positive impact on the customers experience and relationships? Do you think that local customers are sensitive to Bvlgari (Vendôme) improvement?
	relationships	close /formal	adaptability	Are you in favor of a close/friendly relationships with the customers? And why?
	ways of communicating	verbal/ non verbal		Do you think Bvlgari is different from its competitors in the way it communicates?
		digital / in real life	word of mouths online presence	Do you think that word of mouth is an asset for the shop? Do you think Bvlgari is present enough digitally?

Figure 4: own table

### 2.3.3 Units of analysis

This is one of Bvlgari's existing challenge, to increase the number of local customers and to drive more people in store. Because it is a current challenge, the managers of the shop already have a strategy and some ideas. Therefore, it was very helpful to base the research on existing documents and observations. The figures and existing data were beneficial for the analysis part. In addition to the desk research process, interviews were also organized with the same four persons.

### 2.3.4 Data collection & data analysis

For this sub question, the data collection is directly linked to the marketing department, as it is connected. In fact, within the process of collecting information, the help of the marketing department was required. Increasing the number of local customers mainly depends on marketing and the visibility of the shop and the products. The marketing department and its actions are meant to drive more people in store. Interviews were also conducted to collect information.

### 2.3.5 Expected limitations, reliability & validity

As mentioned previously, the main limitation that was expected was the privacy policy which is very strict at Bvlgari, precise and detailed figures were not allowed to be shared nor to be put in the index. Regarding reliability and validity, all information came from reliable sources such as managers and people directly in charge of the shop and therefore competent enough to share reliable data. Annual reports or fact sheets were used and interviews were conducted using valid sources.

## 3. Results

### 3.1 What is the impact of the local customers buying behaviours on the turnover of the shop?

Thanks to the researches that have been conducted and several interviews that have been organized with employees at the shop, data have been collected and the results are the following.

Retaining the local customers is extremely important, especially because we never know what is going to happen (geopolitical issues, a new pandemic etc..) and what could impact their buying behaviours. External events like strikes and demonstrations have an impact on the behaviours of the local customers. It has been seen during the Gilets Jaunes (Yellow Jackets) and after the terrorist attacks that the tourists lessen which impacted the turnover of many shops. The local customers as well were impacted by these events. As mentioned by one interviewed, José Maria Cadaval (JMC) "we have been witnessing in Paris for the past months demonstrations and strikes that have really really pushed further away from us the clients especially the Parisian clients that do not want to shop in Paris nowadays because they do not feel safe" (JMC, May 16<sup>th</sup> 2023). At the end of April, the shop was victim of a violent hold up, the shop could not be open for few days which had an impact on the business. External environments do have an impact on the customers behaviours and especially the local clients who are easily triggered and influenced. It is a snowball effect.

The internal environment also has an impact on local customers buying behaviours. In fact, it has been highlighted during the interviews that the location of the shop might not be that convenient and that its marvellous design might scared. As mentioned by one of the interviewed, the word of mouth can influence people's opinion and could help to reassure them about this aspect (José Maria Cadaval, May 16<sup>th</sup> 2023, Appendix 2). In addition, the access is not easy and a loyalty program does not exist compared to the Grand Magasins which drive local customers away from the shop to buy somewhere else.



Furthermore, local customers are important for the business as it is the second nationality, weighting 16% in 2022 which increased by 73% since 2019. In April 2023, French customers accounted for 24%, which is almost ¼ of the turnover (*Bulgari, monthly review*). This proves their importance. In fact, tourists only come to the shop once whereas local customers buy more frequently and stay in the area as mentioned by one of the client advisors. If the local customers stop buying, the shop turnover will be badly impacted, “if we only count about those people (tourists) and if something happens tomorrow, we don't have any business” as clearly indicated by Kalinga Herath (KH) in his interview (*Appendix 4*).

### 3.2 What actions could be taken to retain this target group?

Customer retention is an important challenge that Bvlgari is facing. Some ideas and actions have been considered during the research and interviews.

Many times, the after sales services has been mentioned as one of the key aspects in the local customer retention. According to Jean Louis Dumas Hermès, “le luxe, c’est quelque chose qui se répare” which means that luxury is something that can be repaired. Something is valuable if it last and can be passed on. People are ready to repair something if they are attached to it. This is why the After Sales service is highly important and should be considered by Bvlgari (*Cerboneschi, 2016*). Local customer required a tailored CRM and François Brault (FB), the deputy manager of the shop specified that “one of the best actions is the after-sales service for them” (*FB, May 17<sup>th</sup> 2023, Appendix 3*). Furthermore, if we quote José Maria Cadaval, in charge of the customer experience, local customers “will always come back to you for that. Even if it's just for an after-sales service, they will come back and you will have that moment where you can reach them out. At least if it's for after-sales service, but you will have that moment” (*JMC, May 16<sup>th</sup> 2023*). This proves the importance of the after-sales service as a way to reconnect with the local customers and to retain them by offering an excellent service.

Moreover, regional ambassadors are great for the customers retention, people can identify themselves with them and see that Bvlgari’s creations are worn by the most fashionable and important person. People needs to identify and see themselves wearing the creations. It has been highlighted by Mr Cadaval that people “only like Bvlgari because it gives them something to identify with that the French brands did not give them, which is perhaps a bit of fun, a bit of celebration, a bit of dolce vita” (*JMC, May 16<sup>th</sup> 2023*). As mentioned earlier, Bvlgari is the stars’ jeweller and is highly represented during red carpets and other similar events (*LinkedIn Bulgari 2023*). This means that the brand is visible and known among people interested by this environment. It is beneficial to the shop, as it is a temple shop and a flagship. The shop possesses the broader high-jewellery collection and most of them have already been seen and worn by celebrities. To name a few regional ambassadors, Carla Bruni, François Civil and Adèle Exarchopoulos have many times represented the brand. By having different brand ambassadors, Bvlgari target all age and people with different interests (cinema, music, fashion etc..), mentioned by Kalinga Herath (KH) in his interview. However, François Brault, the deputy manager of the shop mentioned that the brand could have more local ambassadors to increase the visibility and desirability and quickly (*FB, May 17<sup>th</sup> 2023*).

Customer retention also involves an excellent customer experience and this is something really valuable, especially in the French market. During one of the interviews, the maturity and complexity of the French luxury industry and clientele have been mentioned. In fact, Mr Brault believes that French customers are more exigent and expect an excellent customer service: “they want to be treated more than the tourist and for them it is not the value of what they buy. It's just the way the French culture is, they want to be treated a certain way. It is said that the French tourists are the worst in the world”

(FB, May 17<sup>th</sup> 2023). Our customer experience expert at Bvlgari also highlighted this point, “our clients are very mature here in this market. They have very high standings when it comes to client experience. In the way they are treated also in terms of vocabulary, in terms of the way we interact with them, it's a very very mature market in terms of clients because we have access to everything here” (JMC, May 16<sup>th</sup> 2023). French customers have an eye for small details, everything should be perfect. Their expectations are high but if it is met then they are loyal customers (Girod, 2021b). Furthermore, thanks to the field research that have been made, it has been seen that Boucheron, a French jewellery brand offers branded postcards at the exit so that their customers can send them to their beloved ones. It is an excellent way to raise awareness and to promote the brand almost for free. It also benefits the customers as they can share a few intentions with their family and friends and combine it with their shopping. This is an example of how customers are retained and stimulated by brands.

Events and one to one action were also mentioned by several interviewed as actions that help to retain local customers. These kinds of actions can also increase their loyalty to the brand and the shop and sustain a long-term relationship (Admin, 2023). “It's the best way to make them loyal to the brand” (FB, May 23<sup>rd</sup> 2023). Moreover, because they already know the shop and lost the “wow effect”, organizing and inviting them to events is also a way to keep surprising them, “It's the way we can work very well on the service for them” (FB, May 17<sup>th</sup> 2023). However, local customers are known to be more discreet, they also have less purchasing power than Chinese or American for example. In 2022, French had the first position in the regular business, however, for the high-end business they have the 5<sup>th</sup> position, after China or the USA for example (Bulgari, monthly review) This shows that the local customers tend to have less purchasing power than the tourist and they are aware of that. As Mr Cadaval mentioned, “They do not expect really to be invited to events “. Inviting people to an important event could make them feel pressured this is why “When you have a special event with a specific idea, it's interesting to really know your clients because you must know that they will love “(Rodolfo Cortes, April 26<sup>th</sup> 2023, Appendix 1). Local customers are complex and knowing them is very important, especially for an event. It really depends on the clients, but it seems that according to one of the interviewed local customers do want to be inviting and are seeking for privileges, they want to feel important and considered as VIP, “and this is one reason why they prefer to come to stores and not to the department stores” (KH, May 26<sup>th</sup> 2023)

Local customers also expect personalization and a good communication with the sales advisors. Rodolfo Cortes (RC), one of them, mentioned that “if you have a good communication with them, of course it's going to help you for the next purchase” (RC, April 26<sup>th</sup> 2023) which shows the importance of following-up with the customers and maintaining a tailored contact (Beauloye, 2023a). “They expect just to be treated in a very, very, very tailor-made way” like cited by Mr Cadaval. Indeed, to retail local customers the relationships and the customer experience have a high importance. “For local clients you must catch their attention, you must catch their trust. So, this is quite important” (RC, April 26<sup>th</sup> 2023). At Bvlgari, they like to say “Sharing is caring”, which means that passion must be shared with customers, that they must feel and see the passion and aspiration that the customer advisor has for the brand. “Small things make a difference for them” (KH, May 26<sup>th</sup> 2023).

### 3.3 How can the number of local customers be increased?

To attract more customers, a business has to create desirability and visibility; something that the shop and the company are working on. Indeed, people are seeking for these things. People like to possess and being able to obtain something desirable. They value the brand if its prosperity and desirability has been proven. For instance, as mentioned during an interview, the example of Hermès which is not likely to ever disappear was used “the brand has such a desirability that people feel honoured if they have

the possibility to buy something from the brand. For some products, people are on a waiting list. This is something Bvlgari and the shop should work towards" (KH, May 26<sup>th</sup> 2023). The shop and more generally the brand, struggle with an identity crisis on the French market. It is the only Italian brand on a location full of French brands. "We face the challenges of not being legitimate in this market because it's an extremely mature market, it's the market where all the jewellers come from, so we struggle with an identity crisis here", a problem that has been highlighted in one of the interviews (JMC May 16<sup>th</sup> 2023). To attract more local customers, the marketing and its strategy play a major role. In fact, the visibility of the brand and the shop will drive more people to store. The strength of the luxury industry is its image and what it represents. Bvlgari is the daring, contemporary, and magnificent Roman high jeweller, master of color gemstones (Bvlgari, n.d.). This is something unique that our competitors do not possess. "We're doing well so far because we bring the French touch to Bvlgari and the clients are also looking for this Italian touch, an Italian dolce vita and everything" (JMC, May 16<sup>th</sup> 2023)

As mentioned earlier, the after-sales service is crucial to retain customers but also to recruit them. The shop must be flexible on this kind of service as it can be a way to conclude a sale and convince the clients that the brand takes care of everything from A to Z. "This service is super important and therefore we must be careful of the bad publicity" (Maëva Petit, After-sales service employee).

Another way to recruit local customers is by organizing events and collaborating with other businesses; this way contacts can be established and the network can be broadened (Admin, 2023). In fact, Bvlgari Place Vendôme has recently collaborated with The Collection, a private and highly selective garage located under the square. This collaboration has been beneficial for both businesses, they have shared some customers and this means that they have attracted new prospects. The importance of the collaborations and partnerships has been raised by François Brault "It could be very interesting to mix our portfolios, to do cross events" (FB, May 17<sup>th</sup> 2023) and by Kalinga Herath as one of the best ways to recruit, "it's always good for the visibility and to go to find some new customers" (KH, May 26<sup>th</sup> 2023).

## 4. Conclusions

In this chapter, the conclusions for each sub questions as well as the main research question will be provided. The triangulation method will be used to increase the credibility and validity of the findings.

### 4.1 What is the impact of the local customers buying behaviours on the turnover of the shop?

In April 2023, the local customers accounted for 24% of the turnover of the shop, they therefore account for a significant proportion which shows that their purchasing power has an impact. However, the buying behaviours of the local customers can also be impacted itself as seen earlier. Some reasons have been determined and highlighted as well during the interviews and researches. External events like strikes, demonstrations or the covid 19 or internal events like a hold up impact their buying behaviours which impacts the turnover of the shop. This is something that the business cannot externally controlled but can work around with. In fact, any changes in their buying behaviours could have an important influence on the business. If the local customers start buying less, the turnover of the shop would decrease and the business could suffer from it. This is why recruiting and retaining them is a priority.

To conclude, the local customers buying behaviours have an impact on the turnover of the shop which is very sensitive to any fluctuations in the market and any changes in their behaviours. Flexibility and adaptability are two important concepts that the shop must have in order to face the challenge.

The French market can be very unstable due to many events that the businesses need to face. By building loyalty, it enables the business to lessen the impact.

#### 4.2 What actions could be taken to retain this target group?

The strength of the luxury industry is its image and what it represents. This is an asset that shouldn't be left behind. Bvlgari has the chance and power to own hotels around the globe and one of them is located in Paris (*Bvlgari website*). This is something beneficial for the shop as it allows them to highlight and promote it to the local customers. It is an opportunity to live the Roman experience, cherished by the brand, but locally. This is something unique that our competitors do not possess. "We're doing well so far because we bring the French touch to Bvlgari and the clients are also looking for this Italian touch, an Italian dolce vita and everything" (*JMC, May 16<sup>th</sup> 2023*). Retaining clients is a difficult task, particularly on the French market where consumers are renowned for being demanding and difficult. Bvlgari is also the only brand which is not French on the square. Because of this, the customer experience must be exceptional. The luxury industry being very competitive, businesses must be prepared to deal with the intense competition in the market. What sets the luxury industry apart from others is the focus on the customer and the attention to details. This is something well-done by Bvlgari as they got more than 85% on the mystery shopping assessment, a good way to expertise the customer experience delivered by a brand.

One of the shop's biggest strengths is its team and the customer experience provided, two aspects that have been mentioned several times during the interviews. Delivering an excellent customer experience means that the after-sales services should be perfect as well. This is what differentiates a brand from another (*Hobeika, 2023*). The shop has an excellent after-sales service and it highly contributes to its reputation, which is something very positive and should be sustained and promoted as it strengthens the customer retention.

Customer retention is also closely connected to the brand image. Bvlgari is known as the jeweller of the stars and the shop benefits from this brand awareness and visibility. However, the local visibility could be stronger. It is suggested to develop the local visibility by collaborating more with local ambassadors, famous and appreciated in France. This idea was also mentioned a few times during the interviews. Zendaya and Anne Hathaway are the main global brand ambassadors and their influence is strong. This was proven during the brand event, taking place in Venice in May. "The very rich people, if they see something on a famous actress, they want to buy that piece" (*KH, May 26<sup>th</sup> 2023*), it gave even more credibility and desirability to it. This is why we can conclude that the shop would highly benefit from having more local ambassadors which would also retain local customers and sustain their rank as the leader of the high jewellery industry, the brand most worn by famous people.

#### 4.3 How can the number of local customers be increased?

The French luxury market is known to be mature and therefore, Bvlgari has a lot of potential clients. However, increasing a business' data base can be harder than imagined. The turnover of the shop increased by 45% since 2022 and the local customers occupy the second position. They have played an important role in this augmentation; without them the turnover would not have increased this much.

Customer recruitment also benefits from a high desirability and visibility of the products and the brand. People buy luxury products not only because the quality is high but also because they feel more desirable and important by owning things that are out of reach for a lot of people. The uniqueness of something creates its desirability and increases the value. As mentioned before, local customers want to dream and identify to the brand. This is why increasing the shop and the brand visibility will help to

recruit local customers (*Hobeika, 2023*). The French luxury market is one of the most mature and complex in the world, French people are attached to the luxury industry, it is part of the culture. Most of the people receive a luxury item for the 18<sup>th</sup> birthday, it is almost like a tradition. We believe that this is positive for the business as they know they have potential customers that can be targeted and therefore should communicate more about it. Marketing has a strong influence and could really help the shop to elevate its business and portfolios, especially on the French market.

Furthermore, to increase the number of local customers, the shop needs to broaden its portfolio and this can be done by collaborating and developing new partnerships. It has been seen that local customers like to attend events when its link to their hobbies and centre of interest. The Collection and the Watch clubs are two example that collaborations are possible and beneficial for the shop. In fact, it has brought new customers to the shop, it is a good way to drive more people to the store and to increase the brand awareness and its visibility.

#### 4.4 How to recruit and retain local customers at Bvlgari, Place Vendôme ?

Bvlgari position itself as one of the leaders on the jewellery and high-jewelry market, however any leader has to face challenges. Bvlgari's current one is the retention and recruitment of local customers at the shop. The French luxury industry is mature and well implemented, therefore local customers have high expectations. The customer experience delivered is one of the main aspects in the retention and recruitment process, it is what differentiate a brand from its competitors. Many actions can be implemented and executed to retain the existing customers. Elevating the customer experience, maintaining an excellent after-sales service, raising the brand awareness through local ambassadors and developing partnerships are example of assets that the shop posses and should invest on. In addition to that, the location of the shop is a real advantage that Bvlgari could exploit more. Furthermore, the recruitment of local customers is crucial for the business as it has a direct impact on its turnover and long-term success. The brand image is strong and the desirability of the creations influence the market and how the brand is perceived. This is why this aspect should be considered to recruit more customers.

### 5. Recommendations

Bvlgari' long-term success depends on its strategy and its ability to make decisions according to the competitive environment. The competition is stiff and Bvlgari needs to stay innovative. The two mains focus of the shop is customer retention and customer recruitment. Some recommendations can be made to allow the business to flourish and sustain its leading position.

- As mentioned, several times, local customers like to be considered and feel important. To elevate the customer experience that is already delivered at Bvlgari and to stimulate the customer retention (Suitability), we could suggest the shop to organize workshops or small talks given by experts from Rome or Neufchatel (watch manufacture in Switzerland). Watch experts, people in charge of the creation or someone like Lucia Silvestri, the artistic director could come to the shop and interact with customers. These events would stimulate the customer loyalty and make them feel privileged. This kind of project would be easily acceptable by the business and the different stakeholders as it also promotes the brand, its expertise, its reputation and contribute to the desirability and visibility of the company and its creations. The cost and time-effort would not be too important as people from the company already travel to Paris, the headquarters being next to the store. This project has already been implemented by Hermès (*KH, May 26<sup>th</sup> 2023*), one of the brands with the most desirability which prove the feasibility of this recommendation (*Beauloye, 2023*).



- Local customers are really attentive to small details and personalized attentions are very appreciated (*B4Mind, 2022*). To enhance the customer retention and recruitment, we could suggest the shop to invest more on small details and personalized gestures such as developing and sharing a newsletter with their customers. The idea is to share a cultural newsletter with interesting and nice things to see and visit in Paris. This is directly connected to delivering an excellent customer experience and to innovate the communication channels and provide something unusual to the customers. Local customers are seeking for small attentions like this as mentioned during the interviews (*Suitability*). Developing a newsletter is very easy and is not time consuming and does not include any risks for the business, which make the project acceptable and feasible. This is a small gesture but it would elevate the existing customer experience and brings the service to another level. It would also contribute to increase the visibility of the shop and the brand awareness.
- The potential of partnerships and collaborations has already been introduced and investigated many times. It is seen as a beneficial way to target more customers and to develop the portfolios of local clients (*Suitability*). We could suggest the brand to collaborate with a brand belonging to the LVMH group that does not sell jewels which would make the project acceptable by the business. Fendi seems to be a viable option, it is an Italian brand owned by LVMH since 2001. 40.9% of Fendi's assortment is devoted to leather goods which means that the best collaboration would be about bags (*Muret, n.d.*). It would increase the visibility of both brands, and it would also expend both portfolios and brands images. We could even suggest to create a limited collection of leather goods, only available at the shop Place Vendôme so that it drives more people to the store and increase its visibility and its turnover (*Acceptability*). However, this project does also rely on the marketing and products development department and most importantly, on Rome. The feasibility of this project is harder but not impossible. We could expect a good return on investment and a successful result, Fendi and Bvlgari being two brands in expansion. In 2021, the Italian luxury brand Fendi was valued at 6.3 billion euros (*Fendi: Brand Value 2022 | Statista, 2023*) (*Appendix 6*) and ranked 49 out of 100 on the list of the most valuable and strongest luxury brands (*Brand Value Ranking League Table | Brandirectory, n.d.*) which is very promising regarding the success of this possible collaboration.

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# Appendices

## Appendix 1

### Interview transcription

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Date and place: May 12<sup>th</sup> 2023, 23 Place Vendôme, Paris

Interviewed Person: Rodolfo Cortez

Interviewer: Camille Le Bas

Codes:

Influence of the environment

Disadvantages

Advantages

Customer experience

**[00:00:00] CLB:** Good morning, my name is Camille.

**[00:00:06] CLB:** So to give you a bit of a context, I'm currently doing my graduation internship at Bulgari, and within my studies I have to do a thesis. The topic of my research is the local customers at the shop, Bulgari. It is a current challenge that many brands in the luxury industry and not only is facing. And in order to deliver a valid and reliable document, I'm conducting some interviews.

**[00:00:33] RC:** I'm not sure that I will be able to answer your question.

**[00:00:44] CLB:** I'm going to ask you several questions about this topic, so do not hesitate to ask me questions if you do not fully understand. The answer will be used in my research, but anonymous. So please keep in mind that all my questions will be focused on the shop Bulgari, located on Place Vendome. So it's not in general about Bulgari, but about the shop.

**[00:01:11] RC:** Alright

**[00:01:16] CLB:** My first question is, what is the impact of the local customer's buying behavior on the turnover of the shop? So this is my general first sub-question. So now I'm going to start asking you questions. So first we're going to talk about the importance of the environment, internal one, which is related to the shop, for example, and the external environment, like events in general, on the buying behaviors.

**[00:01:53] CLB:** So my first question is, do you think the environment impacts the local customers' buying behaviors?

**[00:02:01] RC:** Of course, yes. When you go to, I don't know, any store, any brand, and you see a modern store, modern things inside, you know, something like this, when you feel comfortable, it's going to be, **you will feel better to make purchase**, you know, you will be in an environment more comfortable for you. Even if you go, for example, you know, I don't know, maybe to a garage where you're going to prepare your car, if it is completely dirty. you don't feel comfortable, you don't feel safe. So something that you must take care of.

**[00:02:42] CLB:** Okay. Thank you. So is the shop and like the external environment?

**[00:02:49] RC:** External.

**[00:02:50] CLB:** Like events. Like when I'm saying events, it's like, for example, a strike or like if something is going on in Paris or in France or...

**[00:02:51] RC:** For the local people, maybe say a little less because we are, we know what happened in Paris when we have strikes, when we have some maybe manifestations concerning Place Vendôme, we used to have some of them from, some of them was violent.

**[00:03:19] RC:** So the people will start to ask what happened, what happened. And of course, they don't, **they feel unsafe**. They will go better to a different store, you know, in a different cartier(neighborhood) to feel more safe. So of course, it's important also.

**[00:03:38] CLB:** Thank you. Is the shop environment important to local customers? So you kind of talked about it already, but can you maybe explain a bit more? Why is it so important, like the shop environment? So like, for example, the design.

**[00:03:56] RC:** People like, when they like to buy luxury, they expect it at least luxury things to when they will be comfortable, you know. You expect it to buy, for example, a porch car. You don't go to a small garage when you have things, common things to see when you, you are expecting also a service. So when you come to Bulgari, of course, you're expecting something a little different. **You're expecting the service**, but a little, a little more than a service, you know.

**[00:04:35] RC:** So more concerning the environment should be, I don't know, the store must be in a perfect state.

**[00:04:49] CLB:** Okay, thank you. To which extent the location of the shop can impact the local behaviors, the local buying.

**[00:05:00] CLB:** So how important is the location of a shop?

**[00:05:07] RC:** For the local person, I'm not sure that it's really important. Some of them, they will say that it's... They will come to Place Vendome instead of, I don't know, the Galleries Lafayette, the Champs-Élysées store, because it's more easy for them to come, because it's nearly from their house, from their work. Some of them, it's more because Place Vendome has the prestigious places for the jewelry, but I don't think that maybe 50-50% will be more attentive to this kind of situation.

**[00:05:46] CLB:** Do external events like strikes and manifestations influence the local customers?

**[00:05:59] RC:** Yes, at the moment, yes, of course. **In the next few days after the strike or before the strike, I don't know, impact the choice of the customer.** But with the time, they come back.

**[00:06:15] CLB:** So yes, at one point it does impact the local customers, but never in the long term. But maybe, for example, if a manifestation is happening, then for like a week, local customers are going to kind of report their...

**[00:06:32] RC:** Yes, in that case, I think they will report their visit.

**[00:06:38] CLB:** Okay, thank you. Do you have any examples of events that have influenced the buying behaviours of the local customers?

**[00:06:46] RC:** In Place Vendome, for example, of course we have some strikes, that is a little violent, so **the people don't feel safe coming**. Also, we have some attacks, not exactly on the store, but in a



different store. So the people prefer to go to different cartiers in Paris, different districts, because they say they did more safely.

**[00:07:15] CLB:** Okay, and regarding, for example, the Covid-19?

**[00:07:21] RC:** No, concerning the Covid situation, no, because it's not really something that is concerning the location of the store, it was in general, because the Covid was not only Place Vendome.

**[00:07:37] CLB:** So now I'm going to talk more about the importance of the communication between the customers and the salesperson, so more like the relationships. So do you believe that the communication influenced the buying behaviours? The fact that...

**[00:07:52] RC:** Yes, because for the local person, they like to have a follow-up of their purchase, the service,... you know. They feel more in confidence with the person that he is going to follow up. So if you have a good communication with them, of course it's going to help you for the next purchase.

**[00:08:23] CLB:** In your opinion, are local customers sensitive to non-verbal communication?

**[00:08:32] RC:** Not verbal, it means, I don't know, are you speaking something, a gift, some presents?

**[00:08:41] CLB:** Yes, for example, or like when they leave the shop, you're like placing your hands on their shoulder, or...

**[00:08:48] RC:** You can do that with a touch, when you have a touch with people that you have some relation that you know, maybe for two or five years at least. But a new client is not so...

**[00:09:05] CLB:** Yes, it's not so evident.

**[00:09:06] RC:** You must be careful, because like a man, I cannot touch directly a lady, so in that case, I don't have to touch a woman. So in that case, some of them are attentive to that kind of things, some of them appreciate, and some of them you must be careful. So it's something that you cannot do systematically.

**[00:09:26] CLB:** Does it depend also about like the age of the person?

**[00:09:31] RC:** Of course, yes, yes, yes.

**[00:09:33] CLB:** Is maintaining an online communication important to local customers?

**[00:09:43] RC:** Yes, it's important, but you know, there is a line, really, really thin line, you don't have to cross too much. So you must be careful that you can go maybe sometimes through the line, but not too much.

**[00:10:00] CLB:** So you should have an online communication but not too much otherwise it's like seen as an harassment maybe?

**[00:01:02] RC:** Exactly.

**[00:10:03] CLB:** Would you say that using different means of communication for example social media, WhatsApp, call, email or a gift is beneficial?

**[00:10:27] RC:** I think it depends on the age of the clients because for the millennium clients it's gonna be really important that kind of things but not for the old clients. It's something that they use, maybe they knew but it's not really the most important thing to the people.

[00:10:51] CLB: So if you want to target younger people you have to adapt and communicate differently?

[00:11:00] RC: We must adapt just to the market. The influencers I think is something that now is a new technique to selling things in the whole market, not only in the luxury. There is really something important so communicate with the different media ways could be necessary.

[00:11:35] CLB: Do you think local customers pay more attention to the relationship they have with you than tourists?

[00:11:41] RC: It depends because some local clients of course you have contact with them, you have communication with them but also I have clients with tourist clients that are not living in Paris. But if they come often to Paris we have almost the same communication. Some tourist clients come only one time in their life. In Paris of course there is not any importance.

[00:12:18] CLB: To which extent local customers are sensitive to their relationship? It's kind of similar to the previous one but do they care about it? Or it really depends also on the age, on the sex of the person, the gender? Is it something they are looking for in the luxury industry?

[00:12:46] RC: I don't know because the first contact you have with them is the communication, the feeling you have with the clients. With some of them it's quite easy, it doesn't matter the age, the gender, nothing. But it depends on the clients, everyone is unique so you must be a way to see how it's going to be the relation with them. It depends.

[00:13:26] CLB: Do you think building a long-term relationship is important for the local customers?

[00:13:31] RC: Of course yes. It's really important because as I told you, for some of them it's really important that they feel to be followed. That the person knows what they want, what they purchase. You are more in confidence with them, you are more able to not to sell something, it's more something to give some advice. They don't see you like a seller, they see you like an advisor. It's really important.

[00:14:12] CLB: Now we are going to move on to the second part of the interview which is going to be about what action could be taken to retain this target group. So the local customers at the shop. Again here we will talk about the environment but we will focus on the internal environment. Talk about the shop and its location and how it can impact directly or indirectly the customer's buying behavior. Do you believe the environment plays a role in the sale process? We already talked about it before so maybe we shouldn't answer this one.

[00:14:48] CLB: Do you think local customers are more sensitive to the atmosphere of the shop than the tourist?

[00:14:55] RC: No, I don't think so.

[00:14:57] CLB: Is it not important for them if there are flowers and if the shop is all pretty?

[00:15:06] RC: No, I think for them the most important thing is, as I told you, the location concerning their houses, their workplace, the proximity is more easy in their life. Because for daily

[00:15:26] CLB: Okay, so they don't really care about the...

[00:15:34] RC: I don't think that is the most important thing.

[00:15:37] CLB: Do you think the design of the shop, so here we are talking about Place Vendome, attracts local customers? Because here we are in the flagship, in what we call a temple?

[00:15:51] RC: We must be careful with that because some local clients will come to the store to see the new store. The new store is the temple because you have a beautiful and amazing store but that's it. Maybe they will see only for curiosity to come, maybe they will purchase. After they only come to visit, if they have a different store nearest, they will go back to the nearest store.

[00:16:24] CLB: Okay, thank you. To which extent does the shop influence the customer? So as you said it's not that important, so it's something that is a bit important but at the same time...

[00:16:40] RC: If you want to catch the local clients that always come to the store, the most important thing is the relation that you can build with them. As I told you, they must see you like an advertiser, not like a seller. So this is the most important thing.

[00:16:59] CLB: Would you say that local customers are more sensitive to the privileged location than tourists? Again it's a bit repetitive but...

[00:17:09] RC: It's repetitive, you know. Many tourists don't know that it's Place Vendôme. What it means for them is Place Vendôme is a place like for the Parisians because we are talking about the Parisian people. They will have clients coming from Neuilly, that is just by side. They prefer to go to the nearest store because it's more easy.

[00:17:32] CLB: Okay.

[00:17:35] RC: It's more easy, they feel maybe the security place also know, the location could be also important.

[00:17:45] CLB: So now let's focus on the customer experience and how it influences the local customer retention. So do you think local customers require more attention than tourists?

[00:17:58] RC: do they? Do they?

[00:17:59] CLB: Do you think local customers require more attention?

[00:18:03] RC: It must be like that, yes. Because the business must be done with a huge part of the local clients. So we must be careful and take care of them for the local clients.

[00:18:21] CLB: Are local customers more sensitive to a good customer experience than the tourists?

[00:18:30] RC: For me I think that should be exactly the same category, you know. We must be different.

[00:18:35] CLB: But are they going to see a good customer experience than for example the Chinese are not going to be that sensitive about it? Whereas I feel like the locals, they're really liking to for example having a drink and like having a little chocolate. And the fact that we're like having a small talk and showing there the store, are they more like asking for that?

[00:19:05] RC: We must do that with all our clients. The difference is the follow up that you must do with the local clients. Because for the tourists you know that they will come only one time in their life to Paris. It's finished, you know. For local clients you must catch their attention, you must catch their trust. So this is quite important.

[00:19:43] CLB: To which extent are they seeking for privilege? Because we're usually talking about the fact that local customers are asking for privilege. For example if they want to... like a...

[00:20:00] CLB: Do they want to be chou-chouté? Is it something true or not necessary?

**[00:20:07] RC:** Not for all of them. They are expecting something like when they are regular clients, if you do it necessarily for that, of course, even they don't need to ask. But of course, this is a part of the business that you have to do if you want to keep them with you. So maybe one time you're going to offer something, maybe you want to think to them in Christmas you will send a car, maybe a special present, or when we have a special event you can invite them to come. You must play with their role, their commercial role and something else.

**[00:20:49] RC:** It's not really commercial. I don't think they really expect it to be more chou-chouté or expecting something else when they come.

**[00:21:05] CLB:** Do they need to have a tailored CRM? You already said that yes, they do need follow-up, but for example...

**[00:21:19] RC:** Yes, you have to follow them in different ways because people don't buy jewellery or watches two or three times per year. Sometimes you have to wait maybe one year, maybe five years, even maybe ten years, but if you don't follow up or buy the CRM, they will never follow you.

**[00:21:57] CLB:** So it's like a one-time purchase but then that's it if you don't continue with them?

**[00:22:07] RC:** Yes.

**[00:22:08] CLB:** Are local customers expecting to be invited to have events or is it just more like a commercial way? Are they asking, they're not asking, you know, saying it, but do you think that's something they're asking for?

**[00:22:35] RC:** When you have a special event with a specific idea, it's interesting to really know your clients because you must know that they will love. When we make for example the event from the collection, the cars, you know, the classic cars, if you're invited something that doesn't matter to the cars, it's not so good, you know, so you must be really focalized what they love. So in that case it's not only commercial things, it's something that you do to make pleasure. To make them happy.

**[00:23:15] RC:** Of course, we have some events that only can be, the people will know that it's only commercial things, so a few of them, really a few of them will be asking for that kind of thing. When you have an event please send me an invitation, tell me, tell me, tell me, but a few, really a few. It's more like show off clients.

**[00:23:41] CLB:** Yeah. So another important aspect in the customer retention is the brand image. So now the following question we're going to be on about the brand image. According to you, is the brand image an important factor in the local customers retention?

**[00:24:04] RC:** Image, when you make maybe by advertising or concerning the historic of the house?

**[00:24:14] RC:** I think just it's important for them because when you are selling something you are not selling only the product, you are selling also a history. You have an anecdote, something that can relate to the product that they are purchasing. So of course you can have a nice history but of course you must have also a really nice craftsmanship.

**[00:24:58] RC:** If the people don't trust us, we don't have a good image of the house, it's not going to be fine for the house.

**[00:25:08] CLB:** How would you describe Bulgari's current brand image? Strong?

**[00:25:17] RC:** In France it was difficult because we don't have too many people that know Bulgari. It was a really small company and we are still a small company in France. We have more advertising so

the people start to know more about Bulgari but it's something that is growing step by step. I think it's going to be that one.

**[00:25:54] CLB:** Do you think local customers need to identify themselves to the brand or product they purchase?

**[00:26:00] RC:** For the millennials, yes, of course they function like that but not for the old generation.

**[00:26:14] CLB:** Maybe they rely more on the quality than actually what the brand represents?

**[00:26:18] RC:** Yes, because it was a different concept that they have about luxury brands. The meaning of luxury, when you ask a milleniums or a 70's client, it's completely different. They don't expect the same thing concerning the brand.

**[00:26:43] CLB:** Do you believe that raising awareness among the local customers would be positive for the shop? I'm talking about something you already answered but awareness about the brand and what it represents. Would you say that it would be positive for the shop?

**[00:27:05] RC:** Yes, of course it's quite positive. When you have some advertising with the people who know, I remember for example several years ago, it was not something that Bulgari made but it was a picture of the first lady of France wearing a nice necklace of Bulgari. It was crazy because a few weeks after we started to sell a lot of that kind of necklace. People identified to them because she was the first lady.

**[00:27:42] CLB:** So she was representing power and stability?

**[00:27:50] RC:** Just more like power, maybe not stability, but power.

**[00:27:57] CLB:** On the same topic, would you say that creating more advertisement would help to retain local customers?

**[00:28:05] RC:** I think yes, it depends on the way we do. The main thing now is that we are in a transition period because we have local clients but most of them are old. We try to catch the millennial clients. The youngest generation. You cannot catch them in the same way. You have to choose different kinds of advertising, different media to catch them. But of course it's important.

**[00:28:45] CLB:** The last question about this topic is how could the shop gain more visibility?

**[00:28:58] RC:** I think we have enough advertising. We are really present in different kinds of media but it could be also nice to have some kind of exposition to show to all the people what we made and what we are able to do. Like the other houses done.

**[00:29:21] CLB:** Like which house?

**[00:29:23] RC:** Cartier, Van Cleef. They have more exposition of the jewelry than us.

**[00:29:38] CLB:** Van cleef organize like a concept where you can go and visit the workshop.

**[00:29:47] RC:** Could be for example, yes.

**[00:29:49] CLB:** Ok. So now last part is how can the number of local customers be increased?

**[00:29:56] CLB:** So in this new batch of questions we will talk about the loyalty, the communication and the proactivity of the shop. Do you feel that Bulgari has created a community? Again Bulgari I'm talking about like this shop.



[00:30:13] RC: A community?

[00:30:14] CLB: Yeah, a community.

[00:30:17] RC: Considering our clients?

[00:30:19] CLB: Yeah, they are loyal to the shop or you only think it's purely because it's like...

[00:30:30] RC: Yeah, I think we are working on that but we don't really have a...

[00:30:34] CLB: No, not yet.

[00:30:35] RC: Not yet.

[00:30:36] CLB: It's something still going on.

[00:30:40] RC: We are working on that. It's quite difficult.

[00:30:44] CLB: Yeah, I can imagine. So do you think the shop receives enough visibility? We can skip this question because you already answered it before. And are you aware of an increasing visibility since a few years?

[00:31:02] RC: If I'm aware about that?

[00:31:04] CLB: Yeah, if you know, like if you notice it.

[00:31:07] RC: Of course, yes. When we were purchased by the LVMH group we see completely the difference concerning advertising, the different kind of media that we use.

[00:31:18] CLB: You experienced the...

[00:31:20] RC: We win in... We win on the... brand awareness

[00:31:33] CLB: Okay. Would you say that Bvlgari communicate enough with their local customers about the shop and its product?

[00:31:44] RC: Not only on the shop, we communicate around Bvlgari in France in our products. Yes, I think the new team on the marketing is working and they make a really nice work.

[00:31:58] CLB: Okay, thank you. So you, yeah, it's maybe it's still on the marketing strategy as you just said, but do you think the marketing strategy targets enough the local customers or they're not fully focused on them?

[00:32:19] RC: I think we try to catch all the generations. For that we use different kind of media, like social media on the website, like TikTok, we are on Facebook, we are on Instagram. We used to have also some papers advertising like Le Point, Le Figaro. So I think we made all the necessary to catch all these generations.

[00:32:52] CLB: And do you believe the shop is proactive regarding the recruitment of local customers?

[00:33:03] RC: Oh, it's quite difficult now because we try, we try, but it's not so easy, just not so easy. We are really working, I see the difference concerning that kind of thing because a few years ago it was more, we don't have too many events to make the clients come back to the store. And now we are working in that kind of things. We have more events, more propositions to catch the clients, to make them come back.

**[00:33:39] CLB:** So you would say that the shop is becoming proactive, now they're doing more things to enhance the... Yes, I think we are in that case. So do you think the shop should invest more in one-to-one actions, for example, or events?

**[00:34:00] RC:** Yes, if we have the possibility to do that, it should be nicer, but it doesn't depend on us.

**[00:34:12] CLB:** Do you believe that collaborating with local customers, local businesses help in the recruitment process? Because we have seen the collaboration, for example, with the watch club or the collection, do you think it's something that helps in recruiting local customers?

**[00:34:32] RC:** **it helps us to be known**, but maybe some clients, they didn't know exactly what we made. They came to the store, they discovered our collection, what we make. Some of them could be interesting, but it's a win-win, because we make a partnership with them, so we bring our clients and they bring their client to us. So we will see, because as I told you, this is quite new for us, also that kind of thing, we will see, I hope that it's going to work.

**[00:35:08] CLB:** So the return on investment cannot be seen yet?

**[00:35:17] RC:** I think not too much, but we have some investment.

**[00:35:22] CLB:** To be continued. So again, partnerships, do you think they are beneficial for the shop or it's more like spending money?

**[00:35:34] RC:** Concerning the local clients, I don't think so, because the local don't like that kind of things. No, because the local clients like to be more discreet, that work with some clients, tourist clients.

**[00:35:56] CLB:** So in this last part, we're going to talk about the communication again. Do you think Bulgari is present enough digitally?

**[00:36:13] RC:** I think yes, we are really in all the medias.

**[00:36:14] CLB:** Indeed, we can see a lot of advertisement. Do you think that the word of mouth is an asset for the shop?

**[00:36:37] RC:** It's dangerous, we must be careful what we say, what we make with the clients. This is something that you must be really careful, because with the social media, this could be benefic or the opposite. It goes really quickly in both ways.

**[00:37:07] CLB:** Especially in Paris. Do you think Bulgari is different from its competitors in the way it communicates?

**[00:37:18] RC:** No, I don't think so.

**[00:37:23] CLB:** Do you believe that the voice of customers has a positive impact on the customer experience?

**[00:37:30] RC:** If we do it in the right way.

**[00:37:34] CLB:** So there is room for improvement.

**[00:37:41] RC:** If we get the freedom to do it in the right way, not only do we have the best grade. It should be interesting, because for me, if we say to a client, give me ten, nine, eight, they will give you. But it doesn't mean that everything is nice.

**[00:38:10] CLB:** Thank you. Do you think that local customers are sensitive to Bulgari's improvement? For example, if one customer came and said something about the shopping, he sent a voice to the client. And then the next time he sees an improvement, do you think it's something that is...

**[00:38:35] RC:** No, I don't think so, because all the brands, even not luxury, make exactly the same thing. So for them, it's nothing. Most of the things that must be done for the local clients must be really discreet. Even the clients must not be notified, that kind of thing. But it could be nice. When I was working in Louis Vuitton, at the beginning, for the local clients, we had a small salon. We always put the newspaper, always. We have three kinds of newspapers, and they take a seat, and they take it to learn.

**[00:39:23] RC:** They have magazines, something like that, to be more comfortable.

**[00:39:28] CLB:** That's nice. So maybe for us as well. I have two last questions for you. According to you, what is Bvlgari place Vendome main assets?

**[00:39:43] RC:** Now I think it's going to be the fact that we are the main European store on jewellery and high jewellery pieces. **We are the temple of the jewellery from Bvlgari,** currently here. For that, **we have a huge collection of high jewellery pieces, and we try to have a whole collection of the jewellery.** It's something that can help us. Something else is also the fact that we have a new store with a new concept. **It's one of the most beautiful stores in the world.**

**[00:40:25] CLB:** Indeed. And the last one, what is Bvlgari place Vendome main weakness?

**[00:40:34] RC:** What exactly means weakness? Concerning place Vendome?

**[00:40:56] CLB:** Regarding for example our competitors?

**[00:41:00] RC:** Not concerning our competitors, but it's going to be exactly the way that we are the temple. We are the main store in Europe. **For that kind, some local clients say that it's difficult to go in.**

**[00:41:17] CLB:** Too much pressure.

**[00:41:18] RC:** Too much pressure? They say, wow. They don't go in. They say they are afraid to go in because it's too much luxury, it's not their lifestyle way.

**[00:41:35] CLB:** So they are more likely to go to Galerie Lafayette?

**[00:41:40] RC:** Yes, because they feel more comfortable.

**[00:41:43] CLB:** It's smaller and it's less attention on you?

**[00:41:46] RC:** Exactly.

**[00:41:49] CLB:** So my interview is finished. Thank you so much for answering all my questions.

## Appendix 2

### Interview transcription

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Date and Place: May the 16<sup>th</sup>, 2023; 23 Place Vendôme Paris

Interviewed Person: José Maria Cadaval

Interviewer: Camille Le Bas

Codes:

Influence of the environment

Disadvantages

Advantages

Customer experience

CLB (00:00:01) - Good morning, my name is Camille. I'm currently doing my graduation internship at Bvlgari, Place Vendome, and within my studies I have to do a thesis. The topic of my research is the local customers and it's a current challenge that many brands in the luxury industry is facing. In order to deliver a valid and reliable document I'm conducting some interviews. I'm going to ask you several questions about this topic. Do not hesitate to ask me questions if you do not fully understand. The answers will be used in my research but anonymously.

CLB (00:00:35) - Please keep in mind that all my questions will be focused on the shop Bvlgari, located on Place Vendome. Can you tell me for how long you're working at Bvlgari and what's your current position?

JMC (00:00:51) - Hi, thanks for having me. I've been working for Bvlgari for almost a year now. I'm in charge of the sales training and client experience for France Belgium Monaco. That's it.

CLB (00:01:05) - Alright, thank you. I will have three main parts and within the three main parts I will have several questions. The first one is what is the impact of the local customers buying behaviors on the turnover of the shop? On this first part we will focus on the importance of the environment, internal like for example the shop and the external environment like events. Like for example covid or strikes, manifestations on the buying behaviors. What is the importance of the environment?

CLB (00:01:41) - The first question is do you think the environment impacts the local customers buying behaviors?

JMC (00:01:47) - Absolutely. Either by financial crisis or changes in currency rates or even travel restrictions. That all can affect the local clients. Even if we're considering as local clients only people like for example we're in a store in Paris so local clients would be Parisian clients or French clients. They can also be affected by those things because most of our clients can have business outside, can have business overseas that can affect if there's an event, something maybe that will affect your business.

JMC (00:02:29) - So maybe they will be less inclined to buying something from us.

CLB (00:02:33) - Like the purchasing behavior.

JMC (00:02:35) - So for example travel restrictions and covid it affected a lot mostly like our clients are not local but of course our local clients are affected too because some of them can have, can see, in some extent, it can affect also their purchasing power. So of course it does affect them too. Even if of course we did not lose as much local clients as we lost maybe the Chinese clients or the Russian clients or American clients during covid which are coming back now. It truly affects them.

JMC (00:03:11) - So for example we have been witnessing in Paris for the past months demonstrations and strikes that have really really pushed further away from us the clients especially the Parisian clients

that do not want to shop in Paris nowadays because they do not feel safe. Those events were seen also a few years ago during the Gilets Jaunes demonstrations that happened in France, throughout France but especially in Paris. They were quite dangerous in Paris so all of those things really led us to rethink how retail works.

JMC (00:03:44) - But I would say that the houses are like never before were they so focused on local clients as they are now with very very big incentives over local clients.

CLB (00:03:58) - Okay thank you. Regarding the internal environment, to which extent the location of the shop can impact the local buying behaviors?

JMC (00:04:09) - It impacts it a lot. Some local clients need shops that are super easy to access. So for example in main avenues with parking around. When we say local clients, it's clients that live here for me. At least that can move to Paris quite easily, can go to us quite easily. If we see them one time, we can see them multiple times after that. So it's also clients that usually are not going to be one-shot clients or that are going to necessarily close the sale with a purchase.

JMC (00:04:45) - Sometimes they are the ones that will require some client relationship management action on a follow-up to be sure that we target them again. But those are the clients with whom we can really really build some kind of relationship that can actually transcends only the I go to a store thing. But the store location is super important because let's say some clients are super used to a neighborhood, a particular neighborhood. I see that a lot in the store I manage in Bon Marché. Clients that go to Bon Marché, they only go there and they're super used going there. Some clients love shopping at Champ Elysée because they have everything there. Some clients have points at Gallerie Lafayette or at Printemps or at Bon Marché.

JMC (00:05:33) - They have I would say loyalty cards and systems that really compensate their loyalty towards the Grand Magasin, towards the mall. So that also affected a lot. So that's why we have many local clients that actually do not buy things here at Place Vendome but rather are gonna buy them in a mall context because they are, they have interest in doing so.

CLB (00:05:58) - So then how do you make them come to the shop? Because here we're talking about not only Bulgari as a brand but Bulgari as this shop.

JMC (00:06:07) - As this one specifically. So Place Vendome. Well for Place Vendome it's a bit trickier because Place Vendome has no special benefit compared to other stores. It's quite uneasy to access because I mean it's very complicated to come to Place Vendome even by car. There is no parking lots around. For clients sometimes...

CLB (00:06:32) - The one on the place, like on the square.

JMC (00:06:34) - They cannot park there.

CLB (00:06:35) - No, no. It's like a private ?

JMC (00:06:38) - Yeah, it's private.

CLB (00:06:38) - Okay.

JMC (00:06:39) - No one can park there. It's like you have to have a special loyalty card to park there. So most clients avoid coming to Place Vendome because it's actually quite hard to get here. Then there's always strikes at Opéra. So it's really really complicated. There's that mono circulation lane to go from like Rivoli and Tuileries, etc. So it makes it really hard. We tried driving them to this specific store by counting on the CRM by client advisors.

JMC (00:07:11) - So we count on the client advisors to do follow-ups in which they can gather the interest of clients by for example offering them **special opportunities**. Those opportunities can be the release of **something super extra special that they will not find anywhere else**. That's how I would say we leverage on local clients here in Vendome is really with the unicity that this store can bring because other than that the store is actually not so convenient for local clients.

JMC (00:07:44) - The store is convenient for clients like foreigners that visit Paris and they of course go to Place Vendome because it's part of Paris visit. A tour that they will do no matter what they do. They will go to Place Vendome or the clients that are for example at Mandarin Orientale or Ritz or Hotel Cost or Le Meurice because it's nearby because it's hotels that are here. So they're already here. But for local clients actually if they just want to buy something or have a good time, **I'm not sure they will easily choose this store.**

JMC (00:08:18) - However, they will choose it if **we can share with them benefits that this store only has**. For example, **the relationship they will have with a specific client advisor** or for example the fact that this store will offer them something that is super unique and that they will not be able to see in another store. Like let's say they will not be able to have that at Bon Marché or at Gallerie Lafayette or at Printemps despite the loyalty card programs and the points and etc. So we really have to make them. How can I say we have to really attract them by using something that they will see as something that will bring them something that Grand Magasins will not bring them. Otherwise, I would say they will go to Grand Magasin. The relationship they have with the client advisors is very important and the relationship that they built with them because it's a repeated relationship.

CLB (00:09:20) - It's like a long-term relationship.

JMC (00:09:23) - Yes, so we're in a completely different style of sale here. It's not a big deal if your local client goes away from the store without buying anything because you know that that person you can contact them again. You can work the relationship. **You can take steps toward them to really strengthen the relationship, continue interacting with them, continue giving them hints on your thinking about them.** You have stuff you want to show them. So that's really really different.

CLB (00:09:52) - Alright, thank you so much. So now we're going to talk about the importance of the communication between the customers and the salesperson. So something you already have answered a bit.

CLB (00:10:05) - But do you believe the communication influenced the buying behaviors of the local customers?

JMC (00:10:12) - I think so, of course. The local client has to trust French people. So when we speak about local clients, in our case, it's French people from Paris, they are especially French fortunes, French what we call ultra high net worth individuals, **they are followed by every brand**. Every brand wants them, every brand nowadays has incentives on local client acquisition, meaning that these local clients know that the brands are after them. How they do it, however, will change the perception that the local clients will have on our brands.

JMC (00:10:56) - Client advisors must play a very very agile role between being professional and being commercial and being personal. So there is a commercial professional side where of course they are client advisors, their game, their end game is for the client to purchase something. They have to stick with that objective. But there's also the personal side that we are developing a relationship. **The client advisors will be the ones bringing the client an experience.**



JMC (00:11:31) - That experience can be going beyond with the client on some kind of dream they have, some kind of passion they have, let's say if it's like horse races or ballet or theatre or I don't know like some special event or like some gala or some museum or some exhibition, I don't know. But the client advisor will be able to bring the client a personalized experience for them because the client shares personal information with the client advisor. So the client also understands that it's in their beneficial. It's in their interest.

JMC (00:12:10) - However, the client advisor also knows that the client advisor is only doing so because in the end the client should buy something. So there's this tension that we have to create between the client and the client advisor and the client relationship management is really playing with that tension. Where too much personal you forget the business side and too much business side you forget the personal side. So it's a really really tricky situation, a tricky relationship because you really have to carefully see where you put the where you sort the things.

JMC (00:12:52) - So it's very touchy, but they do it quite well here. They're followed by me and by Alessandra, by my boss, so on that. So it's really really interesting.

CLB (00:13:03) - All right, I agree with you. Short question, do you think maintaining an online communication is important to local customers?

JMC (00:13:14) - It's important because they they can be aware of what happens. However, nothing replaces the relationship they have in one-to-one with a client advisor, I think. The communication is good because it reminds them that we exist, that we have things, but it makes just much more sense to follow up on that communication with a message of a client advisor.

JMC (00:13:40) - Even if the message is simply, hey, I know you have received our latest brand communication with the new launch of that collection or that bag or that bracelet or that earring, I would be honored to show them to you if you like them. I know this might be something you like because it has that color, it has that shape, it has that symbol, it has that icon. I can show it to you. I'm here, I'm available and I'm thinking about you. So that's super important for the clients to know that the client advisor is thinking about them.

JMC (00:14:13) - The house is thinking about them, not only because they are registered in a database and receive the things like they all do, they need to feel unique because as I was telling you, they are all being contacted and all the brands are after them. All the brands identify these individuals as ultra high net worth individuals that they want. Even if they're not ultra high net worth, but they're at least high net worth individuals. If you have the budget to buy regularly jewelry at a house in Place Vendome, that means you are a high net worth individual. So the luxury brand will have identified you as being so and so will be after you. The relationship between a client advisor and a client is like houses nowadays have understood the importance of client experience, the importance of CRM, the importance of experiences, the importance of I would say a personalized marketing plan, etc. But today the battlefields of luxury, of the luxury industry is really to go beyond in the relationship between a client and their client advisor. That's really the battlefield of the luxury industry for me. It's how we can strengthen that anymore. Client advisors are almost like luxury butlers in service of the client; for me.

CLB (00:15:51) - So do you think local customers pay more attention to the relationship they have with the salesperson than the tourist? Or is it like most of them care?

JMC (00:16:04) - Not necessarily because a client advisor will also try to create loyalty in the foreign client that they see maybe once or twice every year, you know. Most of our biggest clients are actually not local clients. However, the local client will have more options. Will have more options because they

have literally the entire city running after them. More options also means that if they don't want to see that client advisor they can go see the next one in the next door, you know. But they would lose certain privileges, I think. If they jump from client advisor to client advisor, a client needs to cultivate their relationship with the house too. If they want to have privileges, if they want to have unicity.

CLB (00:17:05) - Events like...

JMC (00:17:07) - Events or even just special deals or offers with pieces that your neighbor will not get. Why would you be the first one to know about a special edition? When maybe you're not the best client. Well, at least if you're the most loyal to a client advisor, he will think of you immediately and not of the client next to you. So it's in their interest also to cultivate relationship with the client advisors because I was saying they have options, they do, but they're also limited to a geographic area.

JMC (00:17:41) - So if you burn all the options you have, you kind of burn a whole house for you. And then you can only be a foreign client in another market.

CLB (00:17:52) - Do you think building a long-term relationship is important for the local customers? You already kind of answered earlier, but...

JMC (00:18:06) - Yeah, it's the battlefield of luxury industries. And client relations. The relationship between a client and its client advisor, and I'm not talking about CRM. I'm not talking about marketing. I'm not talking about client experience. I'm really talking about one-to-one relationships. How we elevate those relationships between a client advisor and its client. That exclusive link of trust that has to strengthen and deepen for your business to elevate. That's how you manage to get really good loyal clients.

CLB (00:18:49) - And it also makes the business more reliable and stable.

JMC (00:18:52) - Absolutely. Those clients will follow the client advisor. If the client advisor decides to go to another store, to another brand, they will follow it.

CLB (00:19:01) - That's what happened with most of our new...

JMC (00:19:02) - Yes, but that's that's super super important. That means that if a client advisor has a client portfolio of super loyal clients that trust them and will follow them, that's what creates value on a client advisor. Of course, the selling skills, of course the knowledge, of course the ability to close a sale, etc, etc, etc. But more than anything, a client advisor's worth is determined by the portfolio of clients that they will bring, add to a house. I'm talking here about like high-end business clients, high jewelry clients.

JMC 00:19:40) - But I mean, we're a high jewelry store, especially the store. So we should always behave and think in terms of high jewelry clients and high jewelry perspective. Otherwise, it's not the business we're doing.

CLB (00:19:57) - Indeed. So now that we're done with the first part, we can move to the second part, which is what actions could be taken to retain this target group, which is the local customers. So here we'll talk again about the environment, but we will focus on the internal one. Talk about like the shop, again a bit of the location and how it can directly impact the customers buying behavior. So do you think the local customers are more sensitive to the atmosphere of the shop than the tourist? Or again it's like they don't put that much importance but it's just like...

JMC (00:20:39) - I think they are, but not that much. I mean they already know the place so the **wow effect is not present anymore with local clients.** Place Vendome has among local clients quite the meaning. It's not appreciated by everyone. Clients can feel a bit...

CLB (00:21:02) - pressured?

JMC (00:21:03) - Pressured. **I wouldn't say that the environment really plays in our favor.** What I would say however is that one of the biggest source of client acquisition, local client acquisition through **in-house loyalty would be the after-sale service.** It's because clients come back for after-sale services that we can retain them better, that we can keep the relationship going.

JMC (00:21:31) - Because if a client buys something we can predict that at least in the next two or three years he's gonna come back for something to polish again, or because the watch has no battery left, or because they want to change a bracelet, or because they want something to change, or because... I don't know, but they will come back. We see the clients again, we have a chance to see them again. Even if it was just a one-shot sale, we will see them again because they are local clients thanks to after-sale services. So for me after-sale services is really a pivotal moment where it can determine how you continue and how you keep the relationship going with that client. You have the tools to revive it if you want.

CLB (00:22:23) - So now let's focus on the customer experience, which is something you know a lot about, and how it influences the local customer retention. So obviously I think we already know the answer, but do you think local customers require more attention than tourists?

JMC (00:22:44) - They do. Yes and no. To be correct, I would say that all clients require the same attention. The thing is that tourists require attention because the tourists will have the means to be local clients somewhere else. Our tourists here are local clients somewhere else. They require a lot of attention because how are you going to create a relationship with someone who is already a local client somewhere else? So that's why the effort you have to put in might be harder to build a relationship after the sale. So in that sense they do require an effort and attention, but our local clients require I would say even more because we have seen it. We never know when things are going to get hard, when we will have less tourists, when I don't know what kind of challenges we will face. **We can only in times rely on our local clients.** **That is really something that we saw during COVID.** When you take out the Russian clients, the Chinese clients, the American clients, the Middle Eastern clients, who's left? Who comes? Who makes our brands live here in Paris?

JMC (00:24:01) - Who makes a store live? It's our local clients. We often have prioritized Chinese clients for example because they have purchasing powers that are really really high because when they want they buy because we don't care because we see them once and they buy and that's it and we did our day, we did our month, we did our year thanks to Chinese clients. But these are not clients with whom we can really trust to build an active and durable relationship. Well with a local client we can do that, we can focus on that.

JMC (00:24:32) - However local clients have less means too, **they have less purchasing power.** Ultra high net worth individuals in France are very very moderate and discreet in terms of purchasing behavior compared to American clients or Middle Eastern clients or Asian clients.

JMC (00:24:49) - The consumption behavior is really really really really different. It's less ostentatary than it's going to be with I would say other clients. So that is that. So we can have attention to them too, but the thing is that one or two local clients do not necessarily weight them as much as a foreigner. But the attention we would have to to bring to them is quite similar. I mean, it's similar being completely

different because of everything I explained before. It's the attention you need, the effort you need to put in practice towards building a durable relationship. Because a foreign client in our market might be a local client somewhere else. So how do you create them as your client here? Well, your local client is a local client here. So they will always come back to you for that. Even if it's just for an after-sales service, they will come back and you will have that moment where you can reach them out. At least if it's for after-sales service, but you will have that moment.

CLB (00:26:01) - And do you think they're more sensitive to a good customer experience?

JMC (00:26:05) - They are. They are because if they don't they will stop coming to here.

CLB (00:26:10) - Yeah.

JMC (00:26:11) - Well, if they're not locals, they just don't care.

CLB (00:26:14) - Yeah, they just come here, purchase one thing and then...

JMC (00:26:17) - Exactly. And as I said, non-local clients here are local clients somewhere else. But in their markets they expect to be received the way they want to.

CLB (00:26:29) - And also maybe because the luxury industry is something really important in France and the fact that they have purchasing power...

JMC (00:26:37) - ...Our clients are very mature here in this market. They have very high standings when it comes to client experience. In the way they are treated also in terms of vocabulary, in terms of the way we interact with them, it's a very very mature market in terms of clients because we have access to everything here. All luxury world-wide flagships are here. They have access to the best services, to the best people and as I said, they are really really really being targeted already by the houses. If the house does not match what they need, they will just change houses. They don't care.

CLB (00:27:20) - They have like the power.

JMC (00:27:22) - They have power. They hold everything in their hand. So they expect to be treated a certain way, a French way.

CLB (00:27:29) - So do they require a tailored CRM?

JMC (00:27:35) - They do. General communications that are not personalized are completely useless. It's nice for them to follow us on social media, etc. because they can keep aware of what's going on, but nothing replaces the message or the call of a client advisor saying Hey, Madame ... or Monsieur ..., I thought about you because I saw this thing and this would be amazing on you. Or I thought that this was your face or this was absolutely what you need for this and this and this event or this and this and this thought or whatever. That's everything. The relationship they have with the client advisor.

CLB (00:28:14) - And are they expecting to be invited to events? Do you think they're seeking for privileges?

JMC (00:28:24) - Not really. I don't think they are really into... I mean, it depends of course on the age range and everything, but I think they're just expected to be treated well for what they want. If what they want is just I want to purchase something that will make me feel good, will make me feel beautiful, will make me feel valued. I want to diversify a portfolio of assets too, because when you buy jewelry, it's also to diversify their portfolio of assets. They do not expect really to be invited to events.

JMC (00:28:59) - They expect just to be treated in a very, very, very tailor-made way. Of course, being invited to events is nice, but they usually aren't because they know that they are not the biggest clients.

They are not. They are probably not the clients who will spend two and a half million euros on a necklace at an event. But that's not really what they're looking for either.

CLB (00:29:28) - It's like a balanced and stable portfolio of clients.

JMC (00:29:33) - It's really more the relationship they are looking for, knowing that at any time they can trust that store, that client advisor, that team, and spend a good moment with them; and being valued for it. The value really occurs more, I would say, in a passive way than in like, oh, I'm inviting you to something because I think they would feel pressured. They would definitely feel pressured because most of local clients don't have the budget to do that.

CLB (00:30:03) - So let's move on to a new topic. We're now talking about the brand image, something you already know a lot about it. So do you think the brand image is an important factor to retain the local customers?

JMC (00:30:17) - Yeah, it is. And we suffer from it because we're the only Italian high jewelry brand on Place Vendôme. Our local clients, they know Chanel well, they know Dior, they know Cartier, Van Cleve, Chaumet, Boucheron, all the really big French names. Bvlgari as an Italian brand, we face the challenges of not being legitimate in this market because it's an extremely mature market, it's the market where all the jewellers come from, so we struggle with an identity crisis here. We're doing well so far because we bring the French touch to Bvlgari and the clients are also looking for this Italian touch, an Italian dolce vita and everything. But we definitely face an identity crisis, it does not help us.

CLB (00:31:10) - So how would you describe Bvlgari current brand image?

JMC (00:31:16) - It's very simple. Bvlgari is the daring, contemporary, and magnificent Roman high jeweller, master of color gemstones. That's it, there's no other way to describe it. It's our positioning.

CLB (00:31:28) - It's like a good brand image, but regarding the French market, it's becoming strong.

JMC (00:31:35) - It's a difficult one because we are competing with brands that are much more rooted in the market than we are because they're French and we're not.

CLB (00:31:46) - And do you think local customers need to identify themselves to the brand product they purchase?

JMC (00:31:53) - Absolutely. They only like Bvlgari because it gives them something to identify with that the French brands did not give them, which is perhaps a bit of fun, a bit of celebration, a bit of dolce vita, a bit of Romanita or Italianita or something like that. So that's really because it brings them something different that identifies better with them that they chose Bvlgari. Otherwise they would be in French brands. Or would you buy a brand that is not your country?

CLB (00:32:27) - And do you believe that raising brand awareness among the local customers will be positive for the shop?

JMC (00:32:35) - Absolutely. That's storytelling.

CLB (00:32:37) - So the importance of the storytelling and something that's the marketing...

JMC (00:32:47) - Giving meaning to everything. But again, that I would say must happen between the client advisor and its client.

CLB (00:32:56) - How could the visibility be increased according to you? Like the visibility of Bvlgari in France mainly?

JMC (00:33:05) - I mean, that's a marketing thing, but I would say communicating more, for example on billboards like Chanel or Cartier does. Making Bvlgari be endorsed by French celebrities way more than we do right now. But I don't expect Bvlgari to ever be as known as Cartier or as Chanel or as our French competitors because we are not legitimate in this market. We are not French. But I would say it's definitely through better exposition of billboards and stuff like that.

CLB (00:33:52) - But I do believe that it has increased a lot since a few years.

JMC (00:33:57) - It has, it has, it has, because the marketing teams are doing an awesome job on increasing the visibility that we have. But it's not enough. The French market still doesn't know Bvlgari well enough for us to be really legitimate. Also because our positioning is very high compared to our competitors, we have a very, very high positioning. The starting costs are very high compared to the starting costs of Chanel Joaillerie or Cartier.

CLB (00:34:31) - Do you believe that collaborating with other local businesses, like for example with the collection and partnership help in the recruitment process of local customers?

JMC (00:34:44) - No, because those things are not really meant for local customers anyways.

CLB (00:34:53) - No?

JMC (00:34:54) - I mean, the general public is not aware of it, so it's niche groups that are really really super specific around a topic. And so I don't really think that... I mean, sure it helps but it's not what helps the most.

CLB (00:35:12) - So it's like, it can target local customers but like few of them for short period?

JMC (00:35:18) - It's too niche, it's really really niche. What has been done now, it's not for the sake of the general knowledge, you know. Things that can work better to gain visibility is what we have done last year for Journée particulière LVMH, where we have opened the store. We have opened the store for three days for the public and we would organize one hour visits of the store with groups of like 20 people every hour. And that was amazing and that worked really really wonderfully.

JMC (00:35:55) - And at least then clients know what Bvlgari is.

CLB (00:36:01) - So because we're a bit short of time, I'm just gonna ask you like...

JMC (00:36:06) - Let's go.

CLB (00:36:06) - Yeah, most question. According to you, what is Bvlgari place Vendôme main asset?

JMC (00:36:17) - The beauty of the store, honestly. The beauty of the store and the proximity with both the regional headquarters and the global headquarters in Rome. It's a team that is really really really followed by the central direction.

CLB (00:36:40) - Okay, so it's more like the environment, like internal environment and also its proximity and the fact that we're one of the biggest filial of Bvlgari.

JMC (00:36:56) - We're not a very big subsidiary but we're a very important one because we're close to the headquarters of LVMH. But also our headquarters are just upstairs. So that creates a huge proximity with the store which means that the store is carefully followed by the management and the direction and also by Rome.

CLB (00:37:20) - And we probably benefit from the lights that they bring on us. What is Bvlgari's main weakness for you?



JMC (00:37:38) - Not being known by the French public. Not being the first choice of the French public when it comes to thinking about a jewelry brand.

CLB (00:37:51) - And how does Bvlgari differentiate itself from its competitors?

JMC (00:37:56) - The Roman identity, the Italianity, the joy of life, the colors, the style. It's really that. It's a completely different statement. The volumes, I mean everything. Bvlgari's style is completely different. It's its own school of jewelry. It's not anything like our French competitors.

CLB (00:38:20) - And that's why we like it. One last question. Do you think that Bvlgari is present enough digitally?

JMC (00:38:36) - I mean that's a tricky question because as a store, it's not as a store because it's part of a network. We cannot communicate things store by store. Although we should, but we're not. I don't think it's present enough. I would not say it's present enough.

CLB (00:39:08) - So it can be improved. Well, I think I've asked all my questions. Thank you so much for your time.

JMC (00:39:14) – Thank you. It was very interesting.

### Appendix 3:

#### Interview transcription

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Date and Place : May the 17<sup>th</sup> 2023, 23 Place Vendôme, Paris

Interviewed person: François Brault

Interviewer : Camille Le Bas

Codes:

Influence of the environment

Disadvantages

Advantages

Customer experience

Evolution

CLB (00:00:01) - Nice to meet you. My name is Camille and I'm currently doing my internship at Bulgari. Within my study I have to do a thesis. The topic of my research is the local customers. It is a current challenge that many brands in the luxury industry is facing. In order to deliver a valid and reliable document I'm conducting some interviews. So thank you for joining me. I'm going to ask you several questions about this topic. Do not hesitate to ask me questions if you do not fully understand.

CLB (00:00:34) - The answer will be used in my research but anonymously. So do not worry. Please keep in mind that all my questions will be focused on the shop Bulgari, located on Place Vendôme. So I'm going to ask you a different question talking about Bulgari but we'll focus on the shop.

FB (00:00:49) - On the shop.

CLB (00:00:51) - So can you tell me the position you occupy at Bulgari?

FB (00:00:56) - Well, nice to meet you Camille, I am Francois Brault. I just joined Bulgari as a deputy manager since November 2022. And I'm in charge of the commercial development and the management of the team.

CLB (00:01:10) - Alright. Thank you. So the interview will be divided into three main parts. And I'm going to explain in each part what is the purpose, like what we're going to talk about. The first one is what is the impact of the local customer's buying behavior on the turnover of the shop. So here we're going to talk about the importance of the environment. For example, the internal one, which is the shop for example, and the external events on the buying behaviors. When I say events, I'm like talking about manifestations or strikes or COVID or events in general.

CLB (00:01:52) - So my first question is, do you think the environment impacts the local customers' buying behaviors?

FB (00:01:59) - For sure. We had many facts of it for the traffic. And for sure, for example, we **had many strikes last month**. And the traffic and the mood, the mood cannot be the one to be, I would say, open to buy. **And people are a bit more frightened** and they want to stay at home **after COVID also**. The way people are working is very different and the mood of buying is very omni canal now. We have to work on it.

CLB (00:02:48) - Okay, thank you. Is the shop environment important to local customers?

FB (00:02:57) - When you say environment, it's more about the strikes?

CLB (00:03:02) - The shop environment, like the shop itself, like the design, like basically the shop.

FB (00:03:12) - **It has a big impact first for the client** to be amazed and to be in touch with the DNA of the brand to make the difference between our competitors.

CLB (00:03:33) - All right, thank you. To which extent, according to you, the location of the shop impacts the locals' buying behaviors?

FB (00:03:48) - For sure, it's most of the time of the way they do that kind of purchases. Like VIP customers are most of the time located in some areas, Parisian areas, specific ones, traditional ones, like Place Vendome or Rue de la Paix, of course, Mountain Street, Champs-Élysées. For the luxury goods, it's mostly that kind of areas. You have sometimes Saint-Germain-des-Prés more about arts and cultures. **But for sure, it's safer. Normally, it's safer. It's also concentrations of many brands, which helps a lot of making a great area to compare also.**

FB (00:04:41) - It's important for them to compare the prices and the choices.

CLB (00:04:46) - Thank you. Do external events like strikes and manifestations influence the customers?

FB (00:04:58) - For sure.

FB (00:05:13) - It has the impact...

FB (00:05:14) - The first...We had like les Gilets Jaue. It was one of the first... **Facts that had a very bad impact on business.** After that we had the Covid. And now it's about retirement rights. And it's a lot within... I would say five- six years. Hopefully the tourists are still there. But we have to focus more and more on local clients to be better in service. And to let them enjoy the way they will buy in our boutique.

CLB (00:05:55) - So you've noticed a change? Because of this happening?

FB (00:06:04) - Now they prefer maybe the click and collect way to buy. Internet has been developed very well now. At the time it was a revolution for luxury goods to be on the internet website. Now it's very usual. And we have to work on that way of buying. Which is really new for us. And to be at the top of improvement, development, technological also.

CLB (00:06:41) - Okay. Thank you. So now we're going to focus more on the communication between the customers and the salesperson. So do you believe the communication influenced the buying behaviors?

FB (00:06:55) - The second point is very important. First was the boutique and the environment. The salesperson and the team, the mood of the team, the management of the team. The specificities of each people in the brand make the difference. For the way we're going to welcome the customer. It's a big difference, I would say, only about one salesperson can make the difference to build confidence with the customer.

CLB (00:07:46) - So yeah, it does influence ,for you, the buying behaviors.

FB (00:07:50) - As you try the mystery shopping, you can tell, I think, that it makes a difference.

CLB (00:07:59) - Yeah, it makes a lot of difference. Is maintaining an online communication important to local customers?

FB (00:08:09) - Online is very important too. Because we can be in touch with them outside the boutique in their private life with Instagram. It's the best tool for us or WhatsApp. It was not the case when I began to work in the luxury industry. It was more about classical way of communication, to write a letter, to give a Christmas card or a birthday card. Now we have so many tools to help us to contact the client and to know more about his habits. Instagram is very good for that.

FB (00:08:59) - To be in touch with the customer indirectly, to know his life and after that to work on it.

CLB (00:09:09) - To personalize. So you would say that using different means of communication is beneficial for the shop?

FB (00:09:14) - For sure, it's very beneficial.

CLB (00:09:18) - And do you think local customers pay more attention to the relationship they have than tourists? Or it's similar?

FB (00:09:27) - I would say most of the time local customers were not the priority of luxury brands. We can say that before it was for example the American people, after that it was Russian, after that it was Japanese. You had also Chinese. And it was not so focused on local customers, but the Covid of course.

FB (00:10:02) - was not thinkable before. And now it's a reality to be sure that almost 50% of the business should be done by locals. To be sure that it's about pérennité (perenniality). It's very very important to think about the next years and the next decade, century of the brands. And locals is the main target and the service. It's all about the service. So where we're going to take care of them. Not about the value of a gift or just about to be sure that we are connected about the real relation with them.

CLB (00:10:47) - So they care more about this relationship?

FB (00:10:52) - Hospitality.

CLB (00:10:52) - Than tourists.

FB (00:10:53) - Yes

CLB (00:10:55) - Again it's a bit repetitive but do you think building a long-term relationship is important for the local customers?

FB (00:11:03) - It's very important to be confident with a sales person for a customer. To be sure that you will sell something, you will be here for the after-sales service. We are selling jewels for my years. It's not just about a one shot. It's about decades. And most of the time, local customers want also to think about offering it to their child. And to be sure that **it's a patrimony. It's also a good investment for them. That means you need to be sure that the quality of our service should be almost the same or even more better.**

CLB (00:11:56) - Okay.

FB (00:11:59) - It's not acceptable to have less service.

CLB (00:12:01) - So now we're moving to the second part of my interview. What actions, so like the main question, is what actions could be taken to retain this target group? So again here we'll talk about the environment but focus on the internal one. So talk about the shop, location again like design and how it can impact directly or indirectly the customer's buying behavior. So do you believe the environment plays a role in the sales process? Does it influence or is it just like a plus?

FB (00:12:40) - It influences already the DNA of the way you will sell to the kind of customers. I'll take the example of Bulgari which is the main objective is **to give and to provide joy to the customer because of the Dolce Vita style, Italian style. It's a lot of colors and the DNA of Italy is Mediterranean style. That means welcoming style and the environment for sure makes the customers traveling to Italy.** That's the DNA when we go to take our first day in the morning it's like in a theater. We just put a suit and in our mood we are Italian.

FB (00:13:39) - Not really Italian but we should be in the spirit. That's the first step. After you have to work on many actions to develop of course the local business.

CLB (00:13:56) - Yes, I agree. Would you say that local customers are more sensitive to the atmosphere of the shop than tourists? On the contrary, tourists are more like amazed.

FB (00:14:14) - For France, if we talk about France, we are used to huge historical monuments. For the French culture, it's like usual. I think it's very different for new countries in development. Also in their mind, Paris is very romantic. It's already done by storytelling locals are day by day. Locals they are still in their city. **We have to surprise them in a different way also.**

CLB (00:15:03) - So the shop is not really a way to retain them?

FB (00:15:12) - It's a way, the first way, but it's not the only way. We need to do more efforts to be memorable than for the tourists.

CLB (00:15:28) - Now let's focus on the customer experience, something you know a lot about. How it influences the local customers' retention? Do you think local customers require more attention than tourists?

FB (00:15:43) - Yes, **the local customers want to be very well treated,** even more in Paris. Sometimes you know that there are a lot of tensions in the streets, in Paris streets. Then they go inside the boutique with that tension and **we need to be a bit more attention to them, to be more focused on their**

hospitality, to welcome them. And after that to do a very good service as in the palace. Because they are waiting for that. It's the top level of sales, top level of luxury goods. That means we need to be even more focused on all the ways we can serve them.

FB (00:16:40) - All the ways we have to take care of everything they want, everything they need, to make a surprise to do a lot of sales service because they are very disappointed about what happened 10 years ago. We need to be very connected to them and they are really listening and have a good appreciation of their needs.

CLB (00:17:06) - So they are more sensitive to a good customer experience than other clients?

FB (00:17:08) - It's more excusable with the tourists. Because the french' way of living is already in their mind a good way. They are not so difficult.

CLB (00:17:31) - They have less expectations maybe?

FB (00:17:32) - Yes, they have less expectations.

CLB (00:17:36) - To which extent are they seeking for privilege? Do you believe that local customers are seeking for these small privileges or not really?

FB (00:17:49) - I would say they are locals. That means they are in their territory. I think they want to be treated more than the tourist and for them it is not the level of, the value of what they buy, It's just the way the French culture wants to be treated. It is said that the French tourists are the worst in the world. Maybe it's a reality when they are always greedy. Then we need to change that in the boutique and with a good salesperson.

CLB (00:18:05) - Do they require a tailored CRM?

FB (00:18:10) - Yes, they need. You will have to work on the French culture and not to do a mainstream CRM. I would say one of the best actions is the after-sales service for them.

FB (00:18:57) - It's the best way to make them loyal to the brand. The second one should be maybe cultural. To surprise them with cultural events, special events, to surprise them in their routine. As you saw during your internship, it was like the event with The collection Paris. To go outside the boutique in a special place. It's the way we can work very well on the service for them.

CLB (00:19:40) - You answered that, but are they expecting to be invited to events?

FB (00:19:46) - Yes, always. They want to go everywhere. Even if they don't spend, they want to be VIPs everywhere.

CLB (00:19:56) - It's funny because Jose-maria...

CLB (00:20:02) - I think it's funny that they're not looking like they're not waiting to be invited to events. They're more like discrete. So it's really funny to have different points of view. But I think I can kind of share yours.

FB (00:20:14) - Yes, it is. Jose Maria is speaking French, but he didn't spend a lot of time in France. That's why he has many cultures. He has Japanese culture, he has Portuguese. But French, it's just the first time it's day by day in France. It's interesting.

CLB (00:20:39) - So now let's move to another important aspect in the customer retention, which is the brand image. Is the brand image an important factor to retain local customers?

FB (00:20:52) - The brand image is the same way. You need to work on the brand image international way. It's strategic. But you need to focus also on bespoke communication in France. That means local ambassadors, local actions with medias. Some kinds of products or lines of products could be very focused for the French market, but not good for other markets. That means you need to be very adaptable and customizable.

CLB (00:21:37) - And how would you describe Bulgari's current brand image?

FB (00:21:42) - Bulgari has changed a lot. Because they are recruiting new customers, it's very dynamic. I think it's the time for Bulgari, the time for this brand, of this jewelry brand. Because it's after COVID and people need joy. And Bulgari is the best brand image for that.

CLB (00:22:13) - I think they are really working on their brand image and also developing it in the French market. Do you think local customers need to identify themselves to the brand/product to purchase?

FB (00:22:32) - Yes. They need to imagine the way they will wear it. They need to dream. The brand needs to be desirable a lot. And accessible. Not only something in your dream, it needs to be real. And to be wearable day by day also with the security side of France.

CLB (00:23:08) - Indeed. Do you believe that raising awareness among the local customers would be positive for the shop?

FB (00:23:15) - Yes, for sure. The loyalty awareness is the way we can develop the portfolios, we can elevate our customers and the brand image. Everything is linked about that. The loyalty, it can be graded step by step to have a small attention first to be at the end of the brand event or something special for a brand event in France.

CLB (00:23:51) - How could the visibility be increased according to you?

FB (00:23:56) - For Bvlgari, the visibility could be maybe...we have global ambassador but we can have more local ambassadors. We can do more and it can increase very quickly the visibility. I know that we have to work on YouTube. It's a key development of brand content development which is very important for the brand. It's one target.

CLB (00:24:35) - Very good inspiration. So now we're moving to our last part of the interview already but still some questions. The main question is how can the number of local customers be increased? Here I'm going to ask a new batch of questions and we'll talk about loyalty, communication and proactivity.

CLB (00:25:00) - Do you feel that Bulgari has created a community?

FB (00:25:07) - I would say, internationally, yes. But we have a lot of work to do for local communities.

CLB (00:25:16) - Okay. Do you think the shops receive enough visibility?

FB (00:25:31) - I think the visibility is quite good with the strength of LVMH. And now, as we build a full team, it's the first time we can really work on increasing the visibility. Before it was very difficult because we had the brand event last year in Paris, which was the better visibility you can have worldwide. Now we have to focus on local events too, to increase the local visibility. That means breakfast for watchmaking team. We have special tea times for local customers, focused on small events, but more precise, more targeted.

CLB (00:26:35) - Are you aware of increasing visibility since few years?



FB (00:26:41) – Yes, Bulgari has changed a lot since last year. You can tell about it with the increase of communication. I think we are in the second position in the market.

CLB (00:26:58) - After?

FB (00:26:59) - After, I think the first was Van Cleef.

CLB (00:27:03) - Van Cleef and not Cartier?

FB (00:27:05) - Cartier in the survey, I think it's not the first one. It's Van Cleef. It has been a big change in the last five -ten years, it was very fast with the fact that LVMH is now in the loop, it's a real asset for us.

CLB (00:27:51) - I also believe that. Do you think the marketing strategy targets enough the local customers?

FB (00:28:00) - We are still searching for a good targeted drive-to-store. **We need to focus on the good medias.** For the moment, it's not the case. We still have to work on it.

CLB (00:28:20) - Still looking around?

FB (00:28:23) - To test it. For now, it's not a success for the drive-to-store.

CLB (00:28:29) - Do you believe that collaborating with other local customers, local businesses sorry, will help in the recruitment process?

FB (00:28:37) - It can be interesting to cross events with other brands. For sure, the portfolios of, for example, another brand that can be in the fashion industry. **It could be very interesting to mix our portfolios, to do cross events.** I can take the example of Fendi. We want to do that in the Italian way because it's still in the LVMH group. Fendi is not creating jewels and watches. It's not the case for Dior or for Louis Vuitton. We cannot do that with them.

FB (00:29:25) - But with Fendi, it can be the perfect cross between our portfolios, Italian ways, that it's the best DNA together. It's from Roma also.

CLB (00:29:43) - To which extent partnerships are beneficial for the shop?

FB (00:29:48) - For example, of partnerships?

CLB (00:29:51) - Do you think it's really important or yes, it helps?

FB (00:29:55) - If I take the case of Vendome, for sure I would do a big partnership with the Opera Garnier.

FB (00:30:04) - And also with maybe... we cannot do that because we have the big area hotels, but with the Ritz. The big links between Place Vendome and also with La Paix and also Opéra Garnier. To stay in the local area also, you have local French people, but you have also local areas targeted on Vendome streets, Vendome areas. A bit more precise also about that. There are so many things to do after that. It's about budgets and also international DNA of what Roma wants for France. We depend on that.

CLB (00:30:56) - So now we're going to move to the last part and we'll talk about the communication. Still looking for retention and recruitment. We're running out of time, but do you think Bulgari is present enough digitally?

FB (00:31:16) - For?

CLB (00:31:17) - Like the shop mainly, but Bulgari in general.

FB (00:31:26) – If I compare to other brands, I would say that Bulgari for sure is one of the leaders in the way they are thinking the digital market. You have the NFTs, you have the Metaverse, you have the 3D of Oculus technology. Always thinking about development, innovation. They are using Instagram, but I think they are not using TikTok. That's right, we have to work on TikTok maybe and YouTube.

CLB (00:32:07) - Yeah, I think so.

FB (00:32:07) - Maybe even more for new clients for the youngest ones.

CLB (00:32:17) - For the youngest generation. Do you think that the word of mouth, is an asset for the shop?

FB (00:32:25) - For sure. Most of the time we have good word of mouth with after sales service. It's the best way to do it. It's much more powerful than Google or any surveys. It's someone who was disappointed by the brand. If we do a good service and we make it loyal again, it's a huge success for the local boutique.

CLB (00:33:01) - Indeed. Do you think Bulgari, the shop, is different from its competitors in the way it communicates? Like digitally but also inside the shop?

FB (00:33:17) - Yes, the difference is mostly about the way we are living it. That means it's like a family, which is not the case in many other brands, other boutiques in Paris. We have the freedom to be ourselves in the Bvlgari DNA. But we are living the joy of Bvlgari deeply in our team. It's more about the mindset, first, of the team. And after, of course, it has an impact on all the way we are working.

CLB (00:34:03) - It's true. Do you believe that the voice of clients has a positive impact on the customer experience and their relationships?

FB (00:34:16) - I'm not sure. In my opinion, I'm not sure that it's the best way to do it. No? I think it's great to maintain good service for sure. But I think the way the managers have to work is more one-to-one management and coaching. The best way to improve always is the service. Voice of client, everything which is very digital, most of the time you lose the substance. The essence.

CLB (00:35:03) - I have three last questions. They're more general. According to you, what is Bvlgari Place Vendome main assets?

FB (00:35:11) - What are the main assets of the boutique? The first one is the team. Because you can have a really beautiful boutique but with a bad team, you cannot do anything. Second one would be, of course, the location, which is a great location. And third one would be the strength of the collections. I would say collections and communications. Because the collection has a big impact on the desirability.

CLB (00:36:09) - For sure. And now what is Bvlgari main weakness?

FB (00:36:13) - The main weakness should be first... Main weakness, probably... I would say also the location. Because the location is a good asset because it's also...

CLB (00:36:38) - A double-edged knife.

FB (00:36:39) - Yes, it's difficult to go inside the boutique for young people.

CLB (00:36:45) - It's hard to step in.

FB (00:36:49) - Second one should be... We don't have a lot of... A lot of weaknesses. No, second one is more about the skills development. I mean, it's very difficult to be the best salesperson worldwide.

High jewelry salesperson. It's about a decade to be someone who can sell most of the time a piece at 1 million euros. It's a long training. Weaknesses.

CLB (00:37:45) - I mean, for me, the location is probably the main one. Because it can be a bit frightening to enter this temple, museum.

FB (00:37:54) - And you thought about other weaknesses?

CLB (00:37:59) - Maybe events, but it's not like... Because of Bvlgari, it's more like external events. But I would say, regarding the shop, it's... Because I think local customers, if they're not used to purchase luxury goods, they would prefer to go to the mall, for example. Or Bon Marche, which is nicer, but closer, in a way. Then stepping in such a beautiful store, where you have all attention, and it is like impressive. And, the last question is according to you how does Bvlgari differentiate itself from its competitors?

FB (00:38:54) - It's about the story, even the... The DNA is about the Italian style, which is very different. First, I would say the collection, the creation. The fact that we have Lucia as our high jewelry art director. She is very active. And the kind of style is about opulence, about baroque style. It makes a lot of difference with other jewelers which are simpler. It's more French style, Parisian style, with classical art deco, which is very bright. But about the collection, it's that first point. Colors. A lot of colors. Second one would be maybe the way the boutique has been designed. Very traditional, I would say more traditional than modern. Models, with big counters, all the vintage tables. It's very different from other competitors.

FB (00:40:19) - And also the team, I would say again the team.

CLB (00:40:28) - We're close-knit. Well, I think my interview is over. So thank you so much for answering all my questions. And I hope it was also pleasant for you.

FB (00:40:38) - It was a good time with you.

## Appendix 4

### Interview transcription

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Date and Place: May the 26<sup>th</sup> 2023; 23 Place Vendôme Paris

Interviewed Person: Kalinga Herath

Interviewer: Camille Le Bas

Codes:

Influence of the environment

Disadvantages

Advantages

Customer experience

CLB (00:00:00) - Hi, my name is Camille. I'm currently doing my graduation internship at Bulgari. Within my studies, I have to do a thesis. The topic of my research is the local customers. It is a current challenge that many brands in the luxury industry is facing. In order to deliver a valid and reliable document, I'm conducting some interviews. I'm going to ask you several questions about it. Do not hesitate to ask me questions if you do not fully understand. The answers will be used in my research but anonymously.

CLB (00:00:32) - Please keep in mind that all my questions will be focused on the shop Bulgari, located on Place Vendôme. My first question is, what is your position at Bulgaria and for how long are you working at Bulgari?

KH (00:00:46) - I'm a sales advisor and I've been in the company since about two months.

CLB (00:00:55) - Where were you working before?

KH (00:00:58) - I used to work for Hermès, 24 Faubourg Saint Honoré for the last 12 years. Alright.

CLB (00:01:08) - I'm going to ask several questions. Each question is regarding a topic. The first part of the interview is about the impact of the local customers' buying behaviour on the turnover of the shop. We're going to talk about the importance of the environment. For example, the internal environment like the shop and external events. For example, events like Covid-19, strikes, demonstrations on the buying behaviours. The first question is, do you think the environment impacts the local customers' buying behaviours?

KH (00:01:53) - What do you mean by environment? It's like all the things happening in Paris?

CLB (00:01:59) - Yes, and also the environment in general. Inside the shop, outside, do you think they can be impacted?

KH (00:02:09) - I think not for the local customers because they live here. Anyway, they need to do shopping here, so if they want to buy something, they will.

CLB (00:02:23) - Even though there is a strike and they feel scared, are they not going to stop purchasing because it's not a necessary product?

KH (00:02:32) - It's not a necessary product but if you live in France, **you know that those kind of things are a way of French life. So it's not a problem for them.** I think it's less attractive for foreign people to come to Paris if there are some strikes or things like riots or things that happen in Paris. They prefer to go to London or to Milan or somewhere else. Most of the time they go to London or to Italy, not to Germany, not to Spain. They will change their plans to go to those countries but the local customers don't think it will change something.

CLB (00:03:17) - So you don't believe that external events influence the customers?

KH (00:03:23) - No. Actually I don't know here but in my past experience it won't change anything. Because all the customers from the luxury brands don't take the metro or, they always have their own transport service. So it's not a problem for them.

CLB (00:03:49) - Regarding the internal environment, to which extent the location of the shop can impact the local buying behaviours? Do you think the fact that we are located in Place Vendome has a big impact on their buying behaviours? Or it is like a very tiny details and it doesn't really change anything?

KH (00:04:11) - Not sure. For a brand it's like doing the flagship. Even if it's for high jewellery or after sales they always come for the flagship because they will think we have more solutions than the other small shops. Even if the shop is bigger in another location they always come to the centre.

CLB (00:04:38) - Do you have any examples of events regarding other brands that have influenced the buying behaviours of the local customers?

KH (00:04:52) - Actually the brands I used to work with before don't do such big events because they don't need to.

KH (00:04:59) - The only event they used to do is the Saut Hermès, the jumping contest.

CLB (00:05:03) - Here when I talk about events, I'm talking about like an external happening. So like COVID-19, Gilets Jaunes or...

KH (00:05:16) - Once again for the local customers.

CLB (00:05:19) - We're only talking about the local customers.

KH (00:05:20) - I think after COVID-19, all the people who has hesitated to buy some items, they want to do it. This period pushed them to buy more after because...

CLB (00:05:40) - They save money.

KH (00:05:41) - They save money and they spend more time at home and they think about what they really want. After that, it's like a kind of freedom for them when they go out after that period. And they want to have something like... Not useful, not necessary, but just to enjoy themselves.

CLB (00:06:05) - Alright, thank you.

KH (00:06:09) - Thank you.

CLB (00:06:13) - Now we're going to talk about the importance of the communication between the customers and the salesperson. Do you believe the communication influenced the buying behaviors?

KH (00:06:25) - Yeah, I think so. It's really important to keep the contact with the customers and to remind them of you. I think it's a good way to keep contact and to... How to say?

CLB (00:06:49) - Encourage them. Do you think that maintaining online communication is important to local customers?

KH (00:07:04) - To show them that it's enough, you go...

CLB (00:07:11) - Would you say that using different means of communications like social media, WhatsApp, call, letters is beneficial for the shop?

KH (00:07:16) - Yeah...

CLB (00:07:19) - Do you think that local customers pay more attention to the relationship they have than tourists?

KH (00:07:35) - Yeah, especially the French people. I think they really need to be cared. And they take good attention for the small things we can do for them.

CLB (00:07:51) - Indeed. So do you think that building a long-term relationship is important for the local customers?

KH (00:07:58) - For all the customers, but especially for the local customers, yes.

CLB (00:08:02) - Can you maybe be developed a bit more?

KH (00:08:03) - No, because the local customers always have that problem that they don't consider big customers because they don't spend as much as the foreign people. They know that they don't have that power to spend their money like the Chinese customers or Russians or all the others. So even if they spend less, you need to show them that they are as much important than the other customers. And small things make a big difference for them.

CLB (00:08:34) - So now we're going to move to the other parts, the second one, regarding what actions could be taken to retain this target group. So again, here we'll talk about the environment but focus on the internal one. We'll talk about the shop, its location, how it can impact directly or indirectly the customer's buying behavior. So do you think that local customers are more sensitive to the atmosphere of the shop than tourists or not?

KH (00:08:58) - All the local customers, if they have the choice to go to the department stores like Galleries La Fayette or to come to Place Vendome, they always choose, most of the time they come to the store, especially Place Vendome, because it's not just buying something, it's also fulfilling the experience. And they always choose the shop experience than the department stores.

CLB (00:09:29) - Where it's a bit more crowded and less personalized?

KH (00:09:33) - Yeah, and you always have a better luxury service in the store than in the department stores.

CLB (00:09:41) - I agree.

KH (00:09:41) - Even if sometimes the conditions are better when you buy in the department stores, but the service is very short.

CLB (00:09:52) - Do you think the design of the shop attracts local customers or it can scare them away?

KH (00:10:01) - Why can it scare them?

CLB (00:10:02) - Because, for example, in my other interviews, I've heard that sometimes they can feel pressured because it's like a temple, a museum, and they don't really dare to enter.

KH (00:10:17) - Sometimes, yes, but our job is to feel they're really welcome and comfortable and just to make sure that they enjoy the experience. We never push them to buy. We just give them some advice. I don't think it's a big gap for them.

CLB (00:10:42) - No? Thank you. Now we're going to move to the customer experience and how it influences the local customer retention. Do you think that local customers require more attention than tourists?

KH (00:11:01) - Sorry, for what?

CLB (00:11:02) - Do you think local customers require more attention than tourists?

KH (00:11:10) - Yes, we need to take care more of local customers, especially after COVID. Because if something happens again like that, the only customer we have is our local market, so if we don't take care of them, it will be a big problem. Especially if you have a big powerful market like China or Japan



or Singapore. But there are short-past learners, teachers that if we only count about those people and if something happens tomorrow, we don't have any business.

KH (00:11:50) - So we really need to take good care of our local customers because even if they spend less, they spend more.

CLB (00:12:01) - More often maybe?

KH (00:12:03) - More often, less amount. But every local store needs their local customers.

CLB (00:12:11) - So they have an impact on the turnover of the shop. Do you think local customers are more sensitive to good customer experience?

KH (00:12:24) - Yes, because they always, once again sometimes they come to Place Vendome especially. If they want, they can't go to Champs-Élysées or anywhere like for Hermès for example, they always come to 24 Faubourg. Not to George V, not to Rue de Sèvre, because they want to come to the main store, because they are expecting more things about us in the main store. And we need to give them that expectation. So yes, I think it's something important.

CLB (00:13:08) - Do you think that local customers are seeking for privileges?

KH (00:13:16) - They expect some more privileges. Now it depends on what they are looking for. Sometimes they just want to ask for some discount or sometimes it's just an experience. So yes, the shop experience is always more important. We can go forward for the experience shop that especially in a flagship you always have some more skills for the future.

CLB (00:13:48) - Do they require a tailored CRM or it is not a need? Do you think they should be treated differently regarding the customer management?

KH (00:14:14) – What do you mean?

CLB (00:14:24) - Do you think we should generalize the CRM or when it comes to local customers you need to make it different?

KH (00:14:36) - No, I don't think you need to put them in a special place.

CLB (00:14:41) - Customer relationship management?

KH (00:14:43) - Yes, it's just the sales need to know the habits of his customers and how to take care of him. But you don't need to put him in a special place.

CLB (00:14:55) - Not in a special place but more focalized on them because I guess the French customers are different than others. Because the luxury industry is part of our culture. It's like Italy, they have expectations, they know things, they expect it to be different. Whereas for example, I think Eastern European countries have less knowledge about it and therefore they have less expectations. So do you think a tailored CRM is a must?

KH (00:15:44) - For me this is not an important point. We have to do the job, it's not depending on that.

CLB (00:15:58) - Do you think they are expecting to be invited to events?

KH (00:16:02) - Yes, and this is one reason why they prefer to come to stores and not to the department stores. They always know that in the main stores they can be considered more VIP customers than in department stores or it's more for everyone and tourists. In stores you know that you will be more considered.

CLB (00:16:34) - So they expect because others interviewed, qualified, the local customers as more discreet people and they don't really expect to be invited.

KH (00:16:49) - They can be discreet people but even those people like to be invited, like to be considered.

CLB (00:16:57) - Do they feel important?

KH (00:17:02) - Yes, they feel important. Sometimes even the people who spend millions, they just want a gift not for the amount of the gift but just for the attention. So I think it's important.

CLB (00:17:19) - Now we're going to move to another important aspect in customer retention which is the brand image. Do you think the brand image is an important factor to retain local customers?

KH (00:17:31) - Yes, of course. Actually, here it's quite different because the local customers are really attached to the local brands like Hermès, Chanel or Dior, LV. Bvlgari is different because Bvlgari is not a French house but the way of their creations are really important for the customers because the inspirations and the creations are really unique. They have their own identity so when they come to Bvlgari they forget that it's not a French house but they come here for the quality and for the inspiration of Bvlgari.

CLB (00:18:34) - How would you describe Bvlgari's current brand image? Because you've been working for Bvlgari for not that long. How do you see it?

KH (00:18:50) - I think in the last past 10 years Bvlgari changed a lot of the vision of the image because I think it's just after the purchase of LVMH. Before Bvlgari used to be an old brand, old Italian with the colour stones but not that popular but for me after the last past 10 years they put a lot of money for the marketing, for the sponsoring, how to say it, the ambassadors. And they defined the right ambassadors for different ages, different cultures, different peoples and with that you can touch a lot of people.

KH (00:19:47) - It's not just a singer, it's not just an actress, it's not just a model, they have everyone and as you can see during the last brand event.

KH (00:20:00) - The very rich people, if they see something on a famous actress, they want to buy that piece. So that means it works. It's not only for the pictures, it also works for business. So this is something really important.

CLB (00:20:17) - So you would say that they have gained, like their brand image is stronger now, especially on the French market? Or how do you see it?

KH (00:20:25) – I don't think only on the French market because the US market is running very well.

CLB (00:20:36) - No, but as we're talking about local customers here, do you think because on Place Vendome we have mainly French brands like Bouchon, Cartier, Van Cleef. So do you think that Bulgari has worked better on brand image, especially like in France?

KH (00:20:54) - the brand image is really good. I mean, when you place Vendome, for the same brand image, the thing that makes the customer choose Bulgari is the creations, the inspirations, the style. And for that Bulgari is very different from the others. Like Boucheron and Chaumet, they're quite old style. Very traditional. And Van Cleef, the style is totally different. It's more about flowers. Love. Yeah, it's totally different from Bulgari. So as I heard, like Bulgari is the premium brand of LVMH for jewelry and Van Cleef for Richemont.

KH (00:21:56) - And for the same thing, I think our identity is stronger than them.

CLB (00:22:04) - So do you think that local customers need to identify themselves to the brand /products they purchase?

KH (00:22:17) - Identify, I don't know, but they need to... Sometimes they buy because they like, sometimes they buy because they want to show off. And for all those reasons, Bulgari is a good brand.

CLB (00:22:36) - Do they need to dream about what Bulgari represent?

KH (00:22:39) - Yeah, and also for Bulgari, it's not like if you buy flower from Van Cleef, it can be flower from Van Cleef, it can be flower from Boucheron, it can be others. But the DNA of Bulgari, it's like the snake. If you buy, if you wear a snake, most of them will know who it's from.

CLB (00:23:13) - Do you believe that raising awareness, brand awareness among the local customers would be positive for the shop?

KH (00:23:27) - I don't think we need to do more than we already do. I don't think so because we already do a lot of advertisements, we already do a lot of magazines, we add the festival of Cannes.

CLB (00:23:44) - Yeah.

KH (00:23:45) - And yeah, I don't think we need to do more.

CLB (00:23:50) - No, because regarding the French market, we also need to compete and keep up with the other brands.

KH (00:23:58) - But if you compare, did Van Cleef have more advertisement or more?

CLB (00:24:08) - Well, they have some on Vogue.

KH (00:24:12) - Okay, but like the last big event is the festivals at Cannes?

CLB (00:24:18) - Yeah.

KH (00:24:19) - Did you see any Van Cleef jewelry there?

CLB (00:24:24) - No, not that I can recall.

KH (00:24:27) - You can see some Chopard because they are the main sponsor of the event.

CLB (00:24:33) - Chaumet a bit.

KH (00:24:34) - Chaumet a bit, but after that, most of the people used to wear Bvlgari.

CLB (00:24:41) - All right, so for you, the brand awareness is already high?

KH (00:24:45) - Very high.

CLB (00:24:48) - How could the visibility be increased according to you?

KH (00:24:53) - Maybe with the social media. Maybe all the new social medias like TikTok or Facebook, not Facebook because it's quite old. Maybe some new social medias or magazines, but I don't know if people are still buying some magazines.

CLB (00:25:22) - Well, people that like fashion, yes. But for example, regarding the brand ambassadors, the local brand ambassadors, for example, Francois Civil, Adèle Exarchopoulos, Pierre

the singer, do you think we should have more? What do you think about the local brand ambassadors?

KH (00:25:51) - I think those people are a new challenge for the brand because they are not like major actors, they are new generations. And I think it's a project of long term to bring some new customers, the new generation of customers. Because the old people, if you want to get old people, you will go to find like Catherine Deneuve or something like that. So this, I think, is not a bet for now, it's for the next 5-10 years.

CLB (00:26:32) - Yeah, I agree. So now we're moving to the last part of the interview. How can the number of local customers be increased? So here in this new batch of questions, we'll talk about loyalty, communication and proactivity. Do you think the shops receive enough visibility?

KH (00:26:55) - Yeah, I think so because first **we are Place Vendôme, the store location is very nice.** We have the entrance of the Place Vendôme and we have three different visibility from the store. I think we have the biggest place with the most windows. So I think the visibility is very nice. And also our colours.

CLB (00:27:24) - And are you aware of an increasing visibility regarding the brand since few years and the shop? Like from an external point of view?

KH (00:27:41) - I don't think we need to do more, **but we need to do more about the care and the experience,** not about the visibility or the marketing. We can do more about the shopping experience, we can do more about the event with our customers, we can do more about maybe gifting. This can be better, but for the rest of the time.

CLB (00:28:15) - And do you think the marketing strategy targets enough the local customers?

KH (00:28:18) - I think so because it works.

CLB (00:28:23) - Yeah. Do you believe the shop is proactive regarding the recruitment of local customers?

KH (00:28:35) - I think so because since I'm here it's not such a long time, but **we always start to do some special events with the local customers, gifting for local customers.** We used to do some small ateliers for the Mother's Day. Small workshop.

CLB (00:28:57) - To which extent organizing events is positive and bring new local customers? Do you think it's something really, really important and it has a big return on investment? Or it's okay? Yeah, I think it's okay.

KH (00:29:24) - I don't think we need more.

CLB (00:29:26) - No, but do you think it's beneficial?

KH (00:29:30) - We can always do more, we can propose some new things.

CLB (00:29:41) - Do you believe that collaborating with other local businesses help in the recruitment process of local customers?

KH (00:29:49) - What do you mean?

CLB (00:29:51) - For example, the Collection, the watch club. Do you think that organizing this kind of partnership?

KH (00:30:03) - **Yes, because it's always good for the visibility and to go to find some new customers.**

CLB (00:30:15) - So for you it's really important and it helps to recruit new customers. In this last part we'll talk about the communication again. Do you think Bulgari is present enough digitally?

KH (00:30:34) - As I can tell, I think so. I'm not very obsessed by the social medias.

CLB (00:30:49) - No.

KH (00:30:49) - So I just have like Facebook and Instagram. I don't know the other things about TikTok or Snapchat or all those things. I don't know how far we can go and how far the brand can use those social videos.

CLB (00:31:09) - I don't think they are present on TikTok but the app could really help us to gain visibility also among the youngest population. Do you think that the word of mouth is an asset for the shop?

KH (00:31:26) - I think so. That's why we need to give especially local people, for all our customers, not only the local people, a good experience. It always works. It's always like that.

CLB (00:31:43) - So now I have three last questions for you. According to you, what is Bulgari Place Vendome main asset?

KH (00:32:11) - What are the main items of our boutique shop? **The location, the staff, and the shopping experience.**

CLB (00:32:25) - What is Bulgari's main weakness?

KH (00:32:31) - The shop. Once again, I think when they decide to do the recruitment of the staff, they don't choose the same person to work on the Champs-Élysées, at the department stores and in the Place Vendome. So they always choose the people not only for their sales power but only for their kindness power.

CLB (00:32:57) - As an asset? Okay, something. Because here it's like the main weakness of Bulgari, like about this shop. What is our main weakness here?

KH (00:33:12) - I would say the location first.

CLB (00:33:13) - Again, the location. And the last one is how does Bulgari differentiate itself from its competitors?

KH (00:33:23) - **With their unique style, the DNA, and also the Dolce Vita, the Italian way of life.**

CLB (00:33:35) - You had a good onboarding with José Maria. For you, what is the best possible way to drive more local customers to a store?

KH (00:33:52) - Maybe to invite them to discover the store. Maybe, with Hermès we used to do every month, what they call the conversation. We invite someone, a creative designer or someone, just to explain his works. What are his inspirations, why he does that, and all the DNA of his work. So maybe something like that can be interesting. The thing is, in Hermès they never aim for the business first. The business must be something that happens when you feel the good experience and then finally you make the business.

KH (00:34:46) - But you never must be focused directly on money and business. Otherwise, it fails. And I think here it can be something like that. **If you just feel a great experience to your customers,** just something basic with the conversation with someone, it can be someone like Lucia Silvestri, but not someone like her because she is very busy.

CLB (00:35:12) - It can be someone working at a Neufchatel, for example.

KH (00:35:18) - It can be a watchmaker. If you bring a watchmaker for small ateliers with all the watch lovers, even if they don't have a good-guiled watch, they will be impressed of the works and can be a future customer.

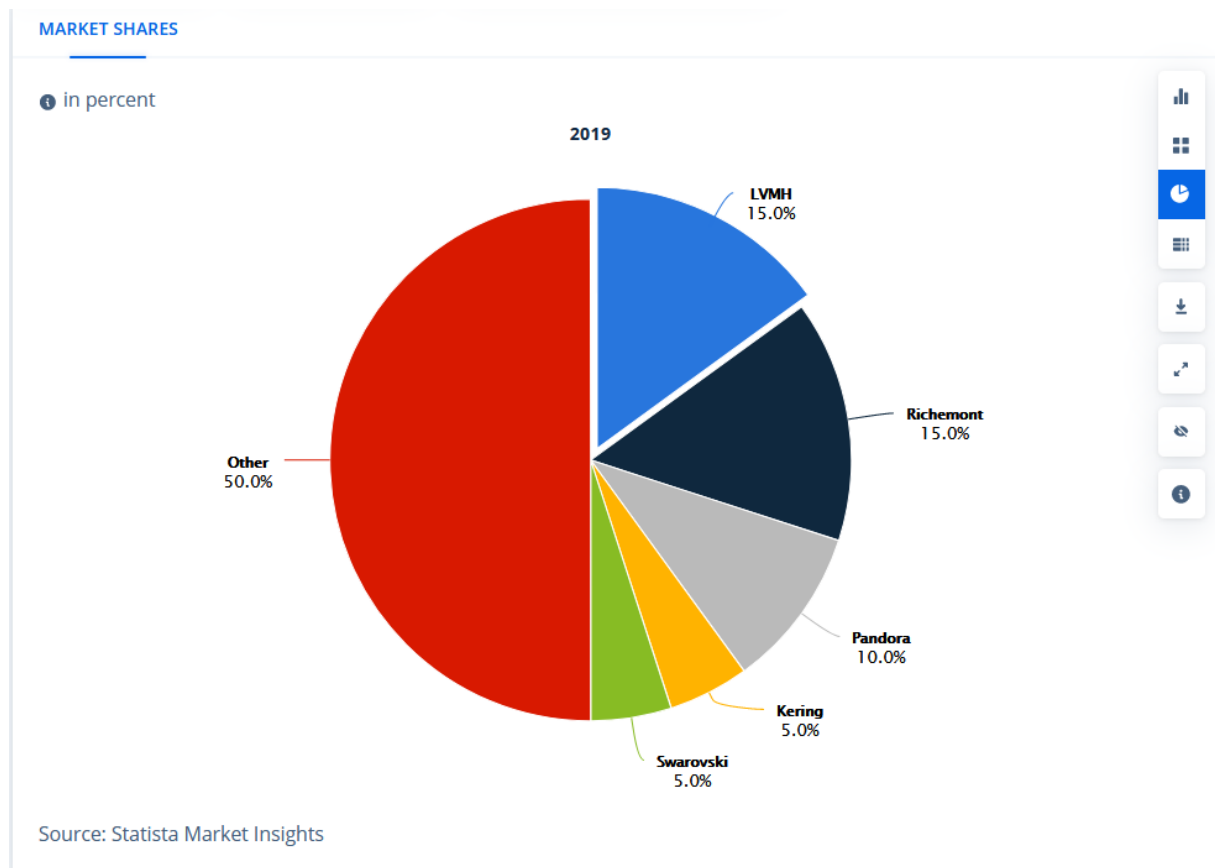
CLB (00:35:40) - Do you think that people will say yes to this kind of invitation?

KH (00:35:44) - Of course, yes. Once again, we have a good location, we have the good brand image, and those people can follow those kind of ideas.

CLB (00:36:08) - Thank you so much. My interview is finally over. Thank you for your time.

## Appendix 5

### Jewelry market in France

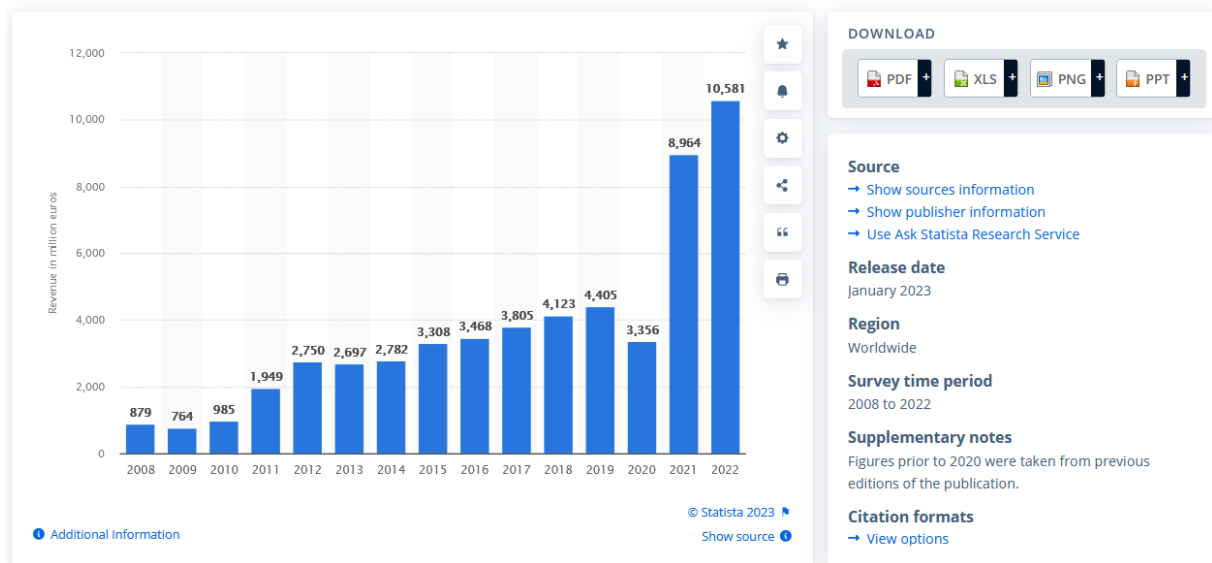


<https://www.statista.com/outlook/cmo/accessories/watches-jewelry/jewelry/france#key-players>

## Appendix 6:

### Global revenue of LVMH Group's watches and jewelry segment from 2008 to 2022

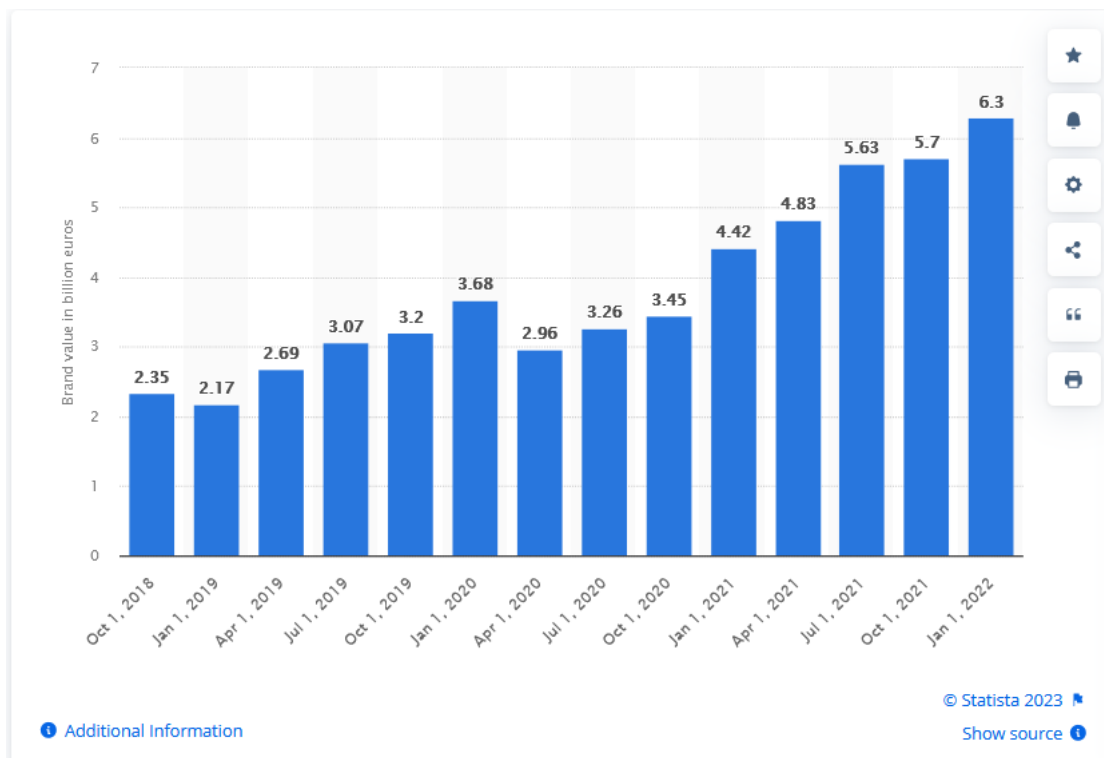
(in million euros)



<https://www.statista.com/statistics/306635/global-revenue-of-lvmh-group-s-watches-and-jewelry-segment/>

## Appendix 7

### Brand value of Fendi from October 1, 2018 to January 1, 2022 (in billion euros)



<https://www.statista.com/statistics/980677/brand-value-of-fendi/>



## Appendix 8

Habitual buying behaviours is when the customers often don't give their purchases much care or consideration. They tend to choose and purchase things quickly. Some people might choose one brand over just because they are more familiar or accustomed to it. Others pick particular goods because they can get them at the cheapest price or because they have already bought from that company (*Indeed Editorial Team, 2023*).

The complex buying behaviours occurs when someone buys an expensive good or service. Because it is expensive, the customer may take some time to learn more about it and its qualities before making a significant investment. They might spend some time to decide if the purchase is worth it (*Indeed Editorial Team, 2023*). This is a typical behaviour in the luxury industry, especially among people that are not used to purchase luxury products. This might be a difficult and time-consuming selling ceremony.

The impulsive buying behaviours result in customers taking little to no time to make a decision. These quick judgments might be the result of things like celebrity endorsements, slogans, logos, or marketing campaign. It is the kind of behaviours that might be beneficial for the company and could lead to a transformation of behaviours (*Indeed Editorial Team, 2023*). An impulsive buyers can become a habitual one.

The spendthrift buying behaviours correspond to customers that are much more concerned with a product's quality than its price. These consumers respond favourably to emotional marketing and may decide for a trusted company that offers excellent customer service and forges close bonds with its clientele (*Indeed Editorial Team, 2023*). It is a positive behaviour for the shop as Bvlgari set itself as a reliable and offers an excellent customer experience and services.

And finally, the expressive buying behaviours which lead to buying usually giving consideration to the kind of relationship and experience they have with the products or services. They frequently esteem excellent customer service because they may consistently engage with the brand and anticipate getting the aid, direction, or support they require as soon as they do (*Indeed Editorial Team, 2023*).

## Appendix 9:

- Rodolfo Cortes, a sales advisor who is working at Bvlgari for 15 years already. He knows a lot about the French customers and their behaviours due to his experience. He has a lot of local customers in his portfolio and knows exactly what actions work to recruit and retain them.
- José Maria Cadaval who is in charge of the sales training and customer experience at Bvlgari since a year. It was important to interviewed him as he has a lot of knowledge on the local customers and on the type of customer experience that the shop and Bvlgari already provide. He is an expert in the customer retention and recruitment.
- François Brault, one of the deputy managers has been interviewed as well. He worked for few years at Cartier before and therefore has a lot of experience and is specialised on the French market. His knowledge and opinion were very useful and reliable. His expertise on the local customers brought different ideas and helped to approach things differently.
- Kalinga Herath, a sales advisor, who worked for 12 years at Hermès before and therefore as a broad knowledge on the local customers and the customer experience they expect. His expertise was completing the other ones which brought validity and reliability to the testimonies. He has provided a lot of information and highlighted new concepts.