Analysis Of Dior’s Marketing Strategy Based On 4P Theory

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Abstract. This essay analyses the strategy of Dior based on the 4P theory. The paper provides suggestions for Dior to maintain or even raise its leading position by discussing the current strategy in four key areas. The recommendations are in line with the current marketing trends and the overall business environment. Dior should focus on the innovation and design of its high-end fashion products to satisfy the needs of luxury consumers. For pricing, it is crucial to maintain a high-value positioning for a luxury brand while taking into account competition and the purchasing power of consumers. Dior also needs to be adaptable in modifying its pricing strategy. The paper suggests that mainstream social media should be used to improve the visibility of the Dior brand. To increase sales, the paper recommends that pop stars should be enlisted as brand ambassadors, who can post pictures of themselves using Dior's products. Additionally, it is advised that Dior strengthen its loyalty program by providing frequent customers with discounts, exclusive offers, and early access to new products. Dior should be careful in selecting the appropriate sales channel and location for its products, whether it is an online or physical store. It is essential to maintain brand consistency and provide customers with a positive shopping experience. The implementation of these strategies will be critical for Dior in the highly competitive luxury market.

Keywords: Dior; 4P theory; marketing strategy; luxury.

1. Introduction

The economy is developing rapidly, despite recovering from the epidemic. Luxury has become a segment with high returns and market value. The marketing strategy is a collection of pre-planned solutions for every possible scenario to make a profit in specific markets or fields [1]. Marketing strategies are necessary for companies, especially for luxury brands. A successful firm is supposed to have a suitable and effective strategy for competing with other opposite rivals. The marketing-mix (4Ps) theory consists of product, price, place and promotion, which analyses a company from four aspects of strategy. Abundant leaders and managers consider the 4Ps a profitable theory for planning tasks in the four fields [2]. Therefore, analysing luxury brands' marketing strategies is important to occupy a big market share. Christian Dior is a typical and successful example in the luxury industry as an elegant and famous brand. Dior's marketing strategy promotes its products worldwide, in addition to its exquisite designs and iconic products.

Nowadays, the e-commercial platform is extremely advanced with the developed internet technology. The lifestyle changed to a large extent, and shopping online has become the mainstream way to consume. People can select goods and look at details as the brick-and-mortar store to get what they want on shopping apps. The appearance of shopping online brings convenience to householders. With the development of social media, live-streaming e-commerce popped to life, such as TikTok, Instagram and Facebook, bringing astonishing sales volume to producers. Customers approve of live-streaming commerce when they receive specific information and feedback from anchors. Because of the neutral identity of the anchor, the promotion and comment convince online users, incentivizing users to make orders [3]. Accordingly, brand corporations might find new methods, adapting the social media trend and appealing to plentiful users on social media platforms. Transforming marketing strategy and switching users to consumers is the critical point.

However, shopping apps cannot completely replace stores in malls. Customers also enjoy services and purchasing experience in brick-and-mortar stores, or customers need to acquire the products within the least time that unwilling to wait for express delivery. Therefore, traditional strategies are
still waiting to be revised and improved, even though the former economy has been shocked by e-commerce.

According to the report published in 2023 by Pricewaterhouse Coopers, the market size of the global luxury industry in 2024 will increase to 403.6 billion dollars. In 2025, the market size is predicted to reach 444.7 billion dollars with an 11% growth rate from 2022 [4]. The dramatic data indicates a continually dynamic market and enormous opportunity in the luxury sector. Additionally, digital innovation and development in technology might reform the luxury industry by shifting the behaviour of consumers followed by promotion activity.

In this paper, the marketing strategy of Dior will be analysed by the 4Ps theory, and the innovative plans about how Dior can improve its strategy with the e-commercial trend also will be discussed.

2. Brand Background

2.1. Introduction of Brand

Christian Dior is a luxury fashion house enjoying great fame that was founded by French designer Christian Dior in 1946. Dior is known for its exquisite fashionable dresses, fragrances, cosmetics, and accessories, regarded as a symbol of elegance and classic. In 1946, the founder opened the first store in Paris and launched the female dress collection “New Look” for the first time. The classical and elegant style of this stylish design led the fashion trend of the era. Since then, Dior has grown to become one of the most recognizable luxury brands in the world.

Dior's impact on fashion is undeniable, from its iconic creations to its rich history. The brand's legacy is a true testament to the enduring power of art and imagination in the fashion industry. As Dior continues to redefine the concept of luxury and push boundaries, it remains at the forefront of the industry, securing the spirit of Christian Dior for generations to come.

2.2. Development

Over the past few decades, the Dior brand has experienced rapid and successful development, achieving great success not only in fashion design but also in perfumes and cosmetics. Dior's signature perfumes, including "Miss Dior" and "J'adore," have gained worldwide popularity due to their unique aromas and elegant packaging. Dior's fashion design aspect is also noteworthy, as the classic black dress set a fashion trend in the past. Moreover, Dior has expanded its product line to include fine jewellery, handbags, shoes and more, making it a one-stop luxury brand that offers a wide range of products to its consumers.

2.3. Current Situation

Dior still holds its position as one of the world's top luxury fashion houses, as of their latest available information. Maria Grazia Chiuri has been the creative director since 2016, and under her leadership, Dior continues to captivate audiences with its innovative designs and enduring commitment to craftsmanship and sophistication. Chiuri, who was the first woman to hold the position of creative director in Dior's history, has given the brand a modern feel, while still honoring its rich history. Her collections blend classic Dior elements with contemporary twists, appealing to a new generation of fashion enthusiasts while maintaining the loyalty of longstanding Dior fans. Aside from their acclaimed ready-to-wear collections, Dior is still a powerhouse in haute couture, accessories, fragrance, makeup, and skincare. The brand's cultural influence extends beyond the fashion industry with collaborations, partnerships, and high-profile events. Dior's dedication to sustainability and social responsibility is evident, with initiatives aimed at reducing their environmental impact and promoting inclusivity and diversity within the industry [5].
3. Analysis of Marketing Strategy Based on 4P Theory

3.1. Product

Product strategy relates to product innovation and function. Product is the core that generates the demands of consumers in trading. Dior has a clear product strategy focuses on shaping the brand image, catering to diverse consumer needs, and promoting continuous innovation. Product quality must be focused during marketing strategies because product attributions can affect consumers' decisions to buy luxury, which stimulates the intention for increasing sales volume [6]. Dior continuously broadens its product fields, which satisfies different demanders, creating a diversified product line. Dior’s products in each sector are positioned to be high-end, which makes products with craftsmanship and sophistication [7]. The combination of innovation and commitment to quality control makes Dior receive the loyalty and trust of consumers. Therefore, products with high quality bring a great shopping experience, having a positive effect on the intention of consumption. In general, Dior maintains the leading position in the luxury industry by the product strategy with high quality and diversity.

3.2. Price

The pricing is affected by factors, such as cost, competition, sales volume etc. Dior's pricing strategy targets high-end consumers with strong purchasing power in the luxury industry. The characterising price strategy represents a unique value and high-end position. The bags with a small size increased price more than large bags, and the increase rate in 2020 is larger than in 2021. The preference of customers causes the price of mini bags to be premium [8]. Ladies may find mini-bags convenient and elegant to match their outfits. The interesting phenomenon can support ideas for pricing bags for the company in the future. Dior also has customised products to highlight the distinct personality and high status. Moreover, the limited collection has a high premium for function and high quality [7]. Customers pay the premium not only for their products but also for the brand's heritage and high status. In contrast, Dior also sells ready-made clothes at relatively low prices for different consumer groups. Dior's pricing strategy is characterized by high-end positioning, brand premium, differentiated pricing and limited edition, aiming to highlight the luxury image of the brand and attract high-end consumers.

3.3. Promotion

A promotion strategy is significant for a brand to increase marketing share that leads more individuals to believe and desire. The company can attract consumers by advertisement, sales, and issuing public messages [9]. Dior mainly promotes products through fashion magazines, focusing on customers who are favoured in luxury and fashion. Furthermore, Dior switched parts of the marketing campaign to social media online, when online media was developed [7]. In China, Dior utilizes live stream, WeChat, TikTok etc. to increase exposure, which raises the efficiency of promotion. In 2016, Dior used the WeChat account to promote products on Chinese Valentine's Day and sold 200 handbags in 20 hours [10]. Therefore, the online promotion strategy is effective due to advanced media creating abundant users to pay attention. On the official website, Dior concentrates on environmental protection and sustainable development [5]. The company can earn consumer respect and support by demonstrating social responsibility.

3.4. Placement

Consumers can buy products through different channels and places. However, choosing places where companies sell products is a crucial question directly affecting marketing performance. In general, Dior has flagship stores in developed cities and malls with an influx of customers. At present, Dior has a multi-channel supply, such as cooperation with tax-free shops, and counters in large malls. The brick-and-mortar shops attract consumers due to the high-end decoration of the shops and considerate service. Excepting offline channels for sale, Dior also has digital promotions on the
WeChat mini-program, official website, JD, and Tmall in China [4]. The increasing e-commerce channels not only raise the sales volume but also provide various channels to customers. Moreover, consumers and collectors focus on the limited edition and cooperation of Dior and famous artists. The implementation of these channel strategies enables Dior to broaden brand impact, enhance sales performance, and foster a closer relationship with fashion consumers.

4. **Suggestions**

4.1. **Suggestions for Products**

Dior’s design of products demonstrates elegance and high-end, whose important core is the “New Look”. Currently, the Chinese-style design is popular with young consumer groups [4]. Dior might grasp the opportunity to innovate a new collection with a Chinese style. For instance, Dior can launch apparel blending symbols of traditional culture to cater to the preferences of young consumers. Similarly, to connect with groups of people with different interests, untraditional luxury brands try to cooperate with anime, e-sports, popular culture etc [11]. The group of rich individuals who would show their loyalty and devotion to the culture might desire the limited edition. Limiting the quantity of the cooperating collection also can increase exclusivity and luxury creating excitement and desire among customers. In addition, Dior is supposed to innovate new product lines and advance technology, keeping the leader position in the fashion luxury industry. Nowadays, combining elements of digital cyber style and fashion products is a novel trend. Balenciaga launched an LED Projector bag that projects its logo on the floor. Louis Vuitton also exhibited a prototype of a bag with flexible AMOLED displays. Therefore, Dior can apply digital technology to its products not only to bags. By implementing these strategies, Dior can solidify its position as a leading luxury fashion brand and continue to drive growth and influence in the market.

4.2. **Suggestions for Price**

Dior positions itself as a high-end brand with strong exclusivity, targeting high-end consumers with premium pricing. After the epidemic, Dior raised bag prices and the mini size increased by more percentage than the big size even bigger than Louis Vuitton on average [8]. Dior could use the action of skimming prices after launching products with high prices. Price skimming means adjusting or decreasing part of the price while markets exist fierce competitive environment. Although utilising luxury and exclusivity to keep the price and enforce prestige is important, the brand requires holding the marketing share, especially in the recession period caused by COVID-19. Additionally, the price of Dior has a less competitive advantage than YSL [12]. Excess price premium is unfavourable for Dior in the future pricing competition. Pricing dynamically is a proper strategy to adjust prices by market investigation from data. Dior could revise the price strategy to reduce the shortage of prices and keep the high-end position at the same time.

4.3. **Suggestions for Promotion**

Using advertisements on WeChat Moment to promote has become a mainstream method for luxury brands. Based on advertising by the Moment, Dior could add some short videos or films to express the brand story, craftsmanship, and design concept, excepted new products. The content with visual attraction on Instagram and TikTok helps the brand with exposure. The ambassadors of Dior who bring popularity post pictures about outfits may be an effective promoting strategy. For instance, the new ambassador Jisoo from Black Pink is influential in the fan group, which certainly has a positive influence on sales. In addition, the former kinds of magazines that post fashion information have plenty of scope to be enriched. Dior should enhance rewarding customers who frequently purchase products with perks, such as discounts, exclusive offers, and early access to new products. This loyalty program encourages repeat purchases and fosters long-term relationships.
4.4. Suggestions for Placement

Pop-up stores have become a new trend, attracting seasonal consumers with their strong flexibility and scarcity, while also providing young people with a sense of freshness. [12]. The commercial centre is an ideal location for pop-up stores to showcase new products and collections. Moreover, parts of luxury brands add virtual fitting functions on the official website. Dior could improve the digital shopping experience by adding virtual fitting tools, augmented reality capabilities, and an online customization platform to cater to the preferences of modern consumers. The home-like decoration style of the stores would not negatively impact the luxury feeling of the brand [13]. Customers might interact with the domestic environment which improves the shopping experience. As online shopping becomes more mainstream, Dior should continue to revise its brick-and-mortar stores to support a seamless shopping experience across all channels, including e-commerce and physical stores, to meet the diverse preferences of its customers.

5. Conclusion

The essay analyses the marketing strategy of Dior based on the 4P theory, including product, price, promotion, and placement. To propose suggestions for Dior, the paper briefly introduces the present strategy in four aspects. Recommendations for each field are provided, blending with the current marketing trends and environment. For the products section, Dior should prioritize the innovation and design of its high-end fashion products to meet the demands of luxury consumers. As a recommendation for pricing strategy, it is important to maintain high-value positioning for a luxury brand, but also consider market competition and consumer purchasing power, and be flexible in adjusting pricing strategy. This paper proposes several innovative ideas for promoting a brand. These ideas include using WeChat Moments ads and visually appealing content on Instagram and TikTok to increase brand visibility. It suggests that using popular brand ambassadors, like K-pop stars, to post photos of themselves wearing the brand's products can have a positive impact on sales. Additionally, the paper recommends that Dior strengthen its loyalty program by offering discounts, exclusive offers, and early access to new products to frequent customers. This will encourage repeat purchases and foster long-term relationships. When it comes to placement strategy, it's essential to carefully choose the right sales channel and location for their products. Whether they opt for an online store or a physical store, it's crucial to ensure that it's designed to maintain brand consistency and provide customers with a positive shopping experience. After analysing this paper, it is evident that implementing these strategies will be crucial for Dior to maintain its leading position in the competitive luxury market. The analysis could be referred to revise or adjust strategies in the future benefiting to development of Dior. Additionally, there is a limitation due to the shortage of data and investigation, which lacks effectiveness to conduct. To improve validity, surveys could be added to further research to gather public opinion and specific sales data.

References


