

Analysis on Luxury Brand Based on SWOT-Model-Taking Dior Makeup as an Example

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Abstract. With the rapid development of technology, the beauty industry also made many innovations in various aspects. Not only are new brands flooding the market, but well-known brands are also investing in their products and marketing. By using SWOT analysis, this paper analyzed the advantages and disadvantages of Dior lipstick brand and the opportunities and challenges brought by the external environment from different aspects and gave advice to the beauty industry. According to the analysis, Dior is a very competitive brand, leading the industry in marketing, product development and other sectors. This paper suggests that the brand marketing strategy can be changed according to the local area, which can greatly increase sales. Secondly, it can flexibly use the characteristics of social media to promote and publicize in various aspects on the Internet. Use the brand name to promote the product.

Keywords: Dior makeup, SWOT-model, Case study, Luxury brands.

1. Introduction

With the development of technology the beauty industry is constantly flooded with new brands. The beauty industry is becoming more and more competitive, and consumers have more choices. Why do customers still prefer some well-known brands such as Dior, Chanel, Tom Ford and so on? This article will take Dior as an example to comprehensively analyze the various factors that influence success in the beauty industry. To be specific, the analysis bases on SWOT-model. First of all, it will analyze the advantages of the brand, such as marketing methods, concepts, company management, technology and so on. The second step will be the shortcomings and shortcomings of the brand itself. The third step of the SWOT analysis will be to explore the opportunities presented by the external environment for the brand and product. This includes changes in the market, policies, technology, economics and so on. The last step is the challenge that external conditions bring to the brand and product. This article analyzes various details and stories behind the Dior beauty industry, hoping to have a positive impact on peers in the beauty industry, so that the healthy competition in the beauty industry can continue to develop. At the same time, the article will finally give suggestions to Dior beauty brand based on the analysis.

2. Brief Introduction to the Brand Dior and Dior Makeup

Dior was founded in 1946 at 30 Avenue Montaigne in Paris [1]. Dior Makeup, as part of the Dior brand, began in 1946 when Christian Dior, the founder of the brand, created the Dior fashion house. Based on a fashion philosophy of "new ways of seeing", Christian Dior brought forth a series of out-of-the-box fashion designs that redefined fashion in the post-war era. As the brand's success grew, Dior Beauty quickly rose to prominence, continuing the brand's tradition of luxury and innovation [2]. Dedicated to innovation and timeless elegance, Dior has developed iconic products that have become benchmarks in the cosmetics world. The brand's collaborations with renowned make-up artists and celebrities have further consolidated its global reach and popularity. Dior has a major impact on the fashion and beauty industry [3]. Today, Dior is one of the leading luxury makeup brands in the world [4].

The core values and philosophy of Dior Makeup encompass elegance, innovation, craftsmanship, and the celebration of natural beauty. Dior Makeup views makeup not merely as a means of enhancing appearance but as an art form that empowers individuals to express themselves and embrace their uniqueness [5]. Dior Makeup not only focuses on product quality, but also puts a lot of effort into packaging. Therefore, Dior Makeup caters to the discerning audience that seeks sophistication, trend-setting style and quality products. Its products appeal to those who appreciate the fusion of art and science, and who desire beauty products that exude luxury and sophistication. As a result, Dior targets high-end customers who are always willing to pay high prices as long as they are convinced of high-quality products. The brand is associated with the class in the society so it does not affect the quality of these products [6].

3. SWOT Analysis on Dior

3.1. Strength

Christian Dior owes a broad spectrum of brands generates synergies and represents a market force. Its cosmetic brands include, “Parfums Christian Dior”, “Guerlain”, “Benefit Cosmetics”, “Fresh”, “Make Up for Ever”, “Kendo”, “Acqua di Parma”, “Officine Universelle Buly”, and “STELLA”. Dior Perfumes and Cosmetics is one of the six pillars under Christian Dior’s. The values of Dior Cosmetics are “Being creative and innovative”, “Delivering excellence”, “Cultivating an entrepreneurial spirit”, and “Taking action to make a difference”. The key factors for its success in the perfumes and cosmetics business group are large investments in design and advertising.

Firstly, those sub-brands focus on high-end packaging and customer’s personalized experience. They have better formulations and pigmentation quality, which meet the needs of the skin. This will be a great investment for its brands in a long-term run [7]. In contrast, for low or middle-end products, it is extremely difficult to substitute this aspect of the products.

In addition, innovative cosmetics production technology is also an advantage of Dior makeup. The LVMH Recherche GIE is the research and innovation center for those brands and aims to position itself at the cutting edge of innovation. There are many new technologies developed in their products, for example, the laboratory is responsible for manufacturing lipstick materials: mixing dyes, beeswax, and Nacre shells together. Then the color paste is heated until it is melted into liquid and poured into a special mold. After solidification, it forms a lipstick stick. After cooling, demold these lipstick sticks, and then check them by craftsmen to confirm whether there are defects in the product shape or color.

Leading by Dior Makeup Creative and Image Director - Peter Philips, it uses a series of bold colors. Eye shadow, lipstick and nail polish have been designed through unconstrained creative ideas and meticulous strict preparation, while the base makeup products are close to the natural color of the skin. Compatible with Chinese culture and join the promotion activity on certain holidays will certainly increase the market share in the China region. The same goes for other markets.

A reverse example is Dolce&Gabbana. It belittles Chinese culture and food in one of their advertisements, therefore, China E-commerce platforms removed its relevant products. Its retail stores are deserted nowadays. Thus, adapting to local culture is crucial for a brand to enter a market and increase the local market share. Take the China market as an example. Dior can make limited-edition cosmetics in special packaging during traditional Chinese festivals, for example on the New Year of the Tiger, Dior can design a new color of lipstick with tiger packaging. Use Chinese celebrities for product promotion and endorsement. Customers will be more familiar with those celebrities, and it helps to enhance the intimacy of the product with consumers. Even, Dior can cooperate with the government and organize some activities on Patriotic Day. These are several practices that can be adopted.

3.2. Weakness

Dior makeup is rarely discounted, since the products offered by Christian Dior are towards fulfilling expressive needs rather than purely utilitarian value. For example, at the 618 Shopping Festival in China, which is one of the largest online shopping festivals in China, brands like Dior has

no discounts or low discounts, sales will be greatly affected. Because consumers will turn to alternative products with high discounts. In addition, this also reflects that the brand loyalty of Dior makeup customers is not high enough.

The presence of counterfeit brands is a problem with the brand identity. Within China market, some unscrupulous merchants use second-hand cosmetics packaging to manufacture similar counterfeit cosmetics for sale in the market. This will directly lead to a decrease in product sales within the market and the brand reputation will be influenced by the low quality of those counterfeits.

Due to its presence in more than 35 countries it is exposed to the risk of economic changes, workforce structure in different nations, profitability, the value of its operating assets abroad, corporate or tax law provisioning, custom & import regulations/ restrictions imposed by the countries.

3.3. Opportunity

From the Financial report provided by Christian Dior at the end of 2022, its revenue increases around 77% from the year of 2020 to 2022. Its earnings per share increases around 200% from the year of 2020 to 2022 [8]. From the number of stores, Asia and United States are two markets they are committed to developing compared to the rest markets of the world. Among the six groups within Christian Dior, the Perfumes and Cosmetics business group represents 10% of the Christian Dior group’s total revenue [8]. After the global epidemic ends and the market opens, we can further look forward to an increase in cosmetics sales. Especially, this century has seen a significant rise in the amount of disposable income among people across the world. This fact is an added advantage for Dior.

3.4. Threaten

Christian Dior has many competitors in the market. The similar high-end makeup companies include L’Oréal Group, Chanel, Lancôme, Estée Lauder Group, Clarins Group, Giorgio Armani Beauty, Yves Saint Laurent Beauty, and etc. Table 1 shows a comparison between fours brands. It can be seen that although the customer groups of these luxury brands have different ranges: some have wider ranges (such as Dior and Chanel), while others have narrower ranges (such as YSL), they overlap with each other. Therefore, the competitive products limit the market share and market share growth of Christian Dior and replicas create a problem to brand identity.

Table 1. From A Summary of the Marketing Strategies of Luxury Cosmetics Brands

Brand	Dior	YSL	Chanel	Armani
Age group	25-50	18-25	15-40	35-50
Characterizes	High income, High education background, Professional job, Manger level job, Megacities	urban, digital make-up, beauty addicts’ women	An inclination towards fashionable accessories.	Celebrities High-earning individuals, Business class.

The consumer in emerging markets has no growing demand for luxury products. Conversely, many low-end or mid-range products can produce products of similar quality. The younger generation is more interested in using these alternatives. For example, during the global corona-virus pandemic, People all over the world are locked in homes and cannot go out for work. Businesses shut down and went bankrupt because of the pandemic. This leads to the rise in the unemployment People have lost income and reduced their desire to consume. The luxury sector was negatively impacted. The low-end or mid-range products that can produce products of similar quality were popular among people. Government regulations to restrict the operation of the foreign brands in form of FDI (foreign direct investment) or import & export restriction, tax regulations are affecting the company in the countries it operates. For example, If the government increases the tariff on the product, it will be directly reflected in the price of the product. This will lead to a decrease in product sales and its local market share.

4. Suggestions to Dior

Each country's market and culture are different, therefore finding the right market strategy that fit each market is significant important. Building a style that is different from established players, yet at the same time keeping with the fashion trends of the time is also vital. For example, the old money style is popular in China market. It is a fashion that young people follow and imitate. Dior can use this trend to create a unique color of cosmetics and product packaging, such as using influencer effects and celebrities to use products, building awareness for the brand and products, and even leading the fashion trend. It is also crucial to maximize the use of existing promotional channels or internet resources to enhance brand awareness and market share in each country. In addition, other studies have shown that Chinese consumers value the identity symbols brought by luxury goods more [9, 10]. Hence, it is recommended that Dior pay more attention to highlighting the brand's identity symbol in its promotion.

5. Conclusion

To sum up, Dior has its own product research and development organization, so that the quality of products and efficacy quality are maximized. Driven by Internet technology, Dior also began to promote its own products on major platforms to increase sales. But at the same time, the brand also has some shortcomings. In terms of products, Dior pays attention to the outer packaging, but sometimes ignores the efficacy of its own products. In the face of different regions and different ethnicities, there is no product refinement. It is a big challenge for customers in terms of price. Although Dior itself has brand value, it is still difficult for a small number of people to afford it. In the post-epidemic era, the disposable income of people around the world is gradually rising, and after the market development, it will be a period when Dior makeup and perfume will be sold again in the world. Meanwhile, Dior is not only facing the external influence, the internal market is the biggest threat to the sales of the brand. With the development of the beauty industry in various countries, mid-end and mid-high-end products have flooded into the market, and these brands have the cost performance that contemporary people are pursuing. The risk of displacing a premium brand in a product with the same efficacy but a yawning price gap is significant. These brands make it more difficult for Dior to compete with existing competitors. The suggestion given in this paper is that under the development and pressure of various brands, Dior should adopt different price preferential systems in different regions. This is a way to boost sales and reputation. At the same time, keep pace with the time in products, and combine the accumulation and precipitation of their own brand for a long time with contemporary trends to create more novel products. Emphasizing its own brand differences, it has maintained the top three status of beauty brands in the market.

Authors Contribution

All the authors contributed equally and their names were listed according to the alphabetic order.

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