

Marketing Plan: Dior

Business Summary

Dior is a company headquarter in Paris, France with offices in New York. The company's mission is "to become the world's most popular brand in all products that enhance their lifestyle". We strive to create the environment that is fun, welcoming and that encourages customers to tap into their creativity and explore their personal styles.

Strengths, Weaknesses, Opportunities, and Threat (SWOT) Analysis

Internal and external strengths and weaknesses should be considered at first if the company needs to do any strategy. Moreover, the opportunities Dior will face and what threats it will meet in recently and future will be discussed in the following article.

Internal and external strengths of Christian Dior:

Though considering the internal strengths of Dior, as a top luxury brand, it has created a great fashion culture in its history. For example, the typical black dress is popular by women for many decades even until now, it is so classical. As top brand, Dior did the best to produce extremely great quality products. They focus on fashion trends and leading the trends. Dior signed the greatest designers in fashion areas, like John Galliano. As a fashion company, Dior made a myth for itself and for the whole industry.

External strengths would be discussed from customers, for Dior, it has a huge group of customers, they understand Dior's products deeply beyond the foundation of the products themselves. They are looking for something have more meanings. For these customers, Dior

keeps improving its services, it is a basic but important strategy which is known by the strategy groups. Keeping good communicating with customers, and assuring its patron of its best effort and hospitality. Further unification services should be spread immediately in New York, Tokyo and all the cities which have Dior's products. In 2009, Carla Bruni, the first lady of France wore two dresses to participate the celebration of Bastille Day which are all made by Dior, it is a big impact for fashion marketing even under the unfavorable business environment. Carla Bruni is one of Dior's fans, she was happy to mention when she was 19 years old, she began her career with wearing her first Dior dress. Smoking jacket which designed in 1990 is favorable by many famous women now. That is what Dior keeping on doing for its external market.

Internal and external weaknesses:

At first, Dior's products related high costs, which mean its customers would be narrowed in small "rich" groups. Second, in order to expand the range of customers, Christian Dior increase export products. Comparing with local products, export products have some disadvantages, like longer delivery time, weak language capabilities, for many products need import raw materials, it costs time and money, as an export products, they always lack new styles in peak seasons. Third, it is more difficult to keep its image-building in different country with different culture. For example, Sharon Stone (Stone) is a famous actor in Hollywood, and she was approached the "face of Dior" in 2005. In 2008, there was an earthquake happened in south of China, it left 68,000 people dead and many were homeless. Sharon Stone as a face of Dior said, it was "karma", her words caused most of Chinese against her and Dior. Until Stone apologized in Public and Christian Dior decided to drop her, Chinese people still could not forgive her. This is a very serious effect to Dior's image. (www.icmrindia.org, 2009)

External opportunities:

After China joined the WTO (World Trade Organization), it becomes a huge potential country in fashion marketing. There are 31 LVMH (a luxury company with 61 brands within its portfolio) officials available in China. For Dior, China is a big market. Dior had launched more than 20 stores in Beijing and Shanghai, the next step for them is to understand Chinese marketing by considering open more stores in China. (Christian Dior, 2009)

External threats:

The biggest threats to Christian Dior are coming from other luxury brand, like Louis Vuitton; Chanel; Gucci; and Armani, which have the same products in fashion industry. Another reason comes from the fashion marketing, Berg (2002) argued that luxury brand only launches their stores in large cities, the rents or other costs might be maintained in a very high level, it narrows the development of company and it might lead financial problems in the next 10 years.

Business Initiatives

Dior has the ambitious goal of Innovation, Internationalization and Aggressive Communication.

To help the business do that, our marketing team will pursue the following initiatives in 2020:

- Launch new products every season according to our trend forecasters
- Expand into developing markets such as Japan, India and China
- Collaborate more with department stores like Macy's, Saks and Bergdorf Goodmans
- Invest 1.8 million dollars in fashion shows to get ample media coverage
- Outline the collections in the most spectacular way possible
 - Focus more on accessories than clothes

Initiative 1

Description: Internationalization. Japan consumes about 25% of luxury goods-the same as Americans and Europeans each.

Goal of Initiative: To expand our stores into Japan and China within the next year and a half

Metrics to Measure Success: 1-2 brick and mortar stores in both Japan and China as well as satellite offices in both countries.

Initiative 2

Description: Collaborate more with department stores like Macy's, Saks and Bergdorf Goodman. With partnering up with these department stores, there will be more exposure and outreach to possible new customers.

Goal of Initiative: To have more promotions with the said departments stores as well as events to promote the brand through celebrities/influencers.

Metric to Measure Success: 3-4 events/promotions done over the course of 2020.

Target Market

In 2020, we're targeting the following industries where we'll sell our products and reach out to customers.

- Age; 25+

Market

- High Taste
- High Education
- High income relatively
- Gender: Male, Female, Kids
- Social Status: high
- Shopping Budget: once in 3 months
- Boundaries: All over the world

Buyer Persona

Rebecca is 29 years old. She works as a Financial Analyst for Merrill Lynch for a living and spends his/her free time discovering new restaurants and art galleries as well as taking trips to

different countries. Ultimately, Rebecca wants a Dior fragrance that appeals to both her co-workers who are older in age as well as trendy enough for her daily friends.

Competitive Analysis

Within our target market, we expect to compete with the following companies:

Burberry

Products we compete with: Fragrances, handbags, accessories and apparel (Their handbags have a more prestige level as of late as well as a decent following behind the brand)

Gucci

Products we compete with: Fragrances, handbags, accessories and apparel (Their handbags, apparel and handbags have a far more prestige level as of late as well as a decent following behind the brand)

Some researches show the price is not the most important factor customers would consider, they are more focus on the value of the products. Like Dior, many rich people are honest fans of its products through the price is very high. This is a big difference between normal products and luxury goods. They buy Dior for distinguishing others.

According to the psychology of customers, Dior promoted a strategy from 2003, which is called limited edition. Dior Company produces some goods with specific design, and most important point is the company will control the numbers of the goods. It made a big success until now, every time when Dior creates new limited-good, they will be sold much quickly than others.

Beside great quality goods, Dior pays a lot of attentions on its services for customers, Dior also pointed out that all luxury brands not only focus on selling goods but also making a great relationship with their customers after sale. All of these strategies made Dior compare with its biggest competitors like Gucci, Burberry, and Hermes. Christian Dior got more benefits in sales within its talent manager groups.

Marketing Strategy

Product:

Dior is a luxurious fashion brand and was launched to satisfy styling sense of high-class people. It has maintained its position as the creator of Haute-Couture, which is a world-recognized division. Its first collection was launched in the year 1947 and became popular as “New Look”. Dior Label includes offerings mostly for women but the company has Dior Homme for men and Baby Dior for kids.

Dior designs and markets leather goods, ready-to-wear, footwear, fashion accessories, timepieces, jewelry, makeup, fragrances and skincare products. Miss Dior and Poison are some of its popular fragrances made for women and Sauvage, Jules and Higher cater to men’s taste. The company produces concealers, foundation, powder, blush for face, mascaras, liners and primers for eyes, lipstick, gloss for lips and several other products under its make-up kit. Toners, serums, scrubs, masks are available as part of skincare regime.

Price:

Dior markets its products for high-class and high-income group with help of its quality assurance and exclusive creations. It targets customers who are elegant with a social distinctiveness. As its products are of premium quality it has adopted a premium pricing policy for its products. Dior has developed a relationship based on trust with its customers and it is these high-end customers that have helped the company to survive and flourish on premium prices. Dior is all about exclusivity and its clients recognize this fact and hence do not hesitate to purchase Dior products at premium prices because at the end of a day it is a status symbol to be seen with a Dior product.

Promotion:

Dior is all about trust and relationship. Brand rewards the loyalty of its regular customers by sending latest news about its products through email or mail. It also offers invitations for pre-sale to selected few who are exclusive and regular buyers. Dior has a website where related information is easily available and interested customers can purchase products through its online outlets. Travis Scott, Blake Lively and Madonna are some of the celebrities who have been seen in public wearing this brand.

As promotion is a big aspect of marketing Dior has published its ads at proficient magazines like vogue that caters to premium clients. Its commercials emphasize on elegant and quality and are aired on both social and electronic media.

People:

Christian Dior was registered as a new company on 8th October 1946, had 3 workrooms and recruited 85 staffs with 2 seamstresses and 1 tailor. Christian Dior as a designer broke up the traditional clothes design style to designed new fashion with soft and narrowed shoulders, full busts, and waists as narrow as lianas, and skirts as corollas. Six girls performed Dior's first show in Paris.

After the show, Christian Dior began thinking about his design again, in his mind he thought he had the responsibility to bring fashion to women, and he wanted women looks like flowers. Because the subversive designing and perfect looking, the dresses were accepted by most society people through they were expensive in that time. (Marly, 1990) Christian Dior's wonderful new look made fashion area crazy in that some, some people liked it very much, others against it. Because of the traditional understanding about the clothes, some governments thought this kind of clothes wasteful and awful, they even ordered some factories stop making the clothes.

People who liked Dior's styles very much, started thinking about against governments, they came to meet Christian Dior and discussed how they could do to protect the clothing line. For Christian Dior himself, he believed his new fashion would be popular by women, he did not want return to the old fashion again, and so every 6 months he made a new line to continue his clothes until reached 22 lines.

A big change was happened in 1957 when the Master's death stunned the whole fashion market, he was the creator who made Christian Dior be known. However, the company could not stop developing, and it became the domination in that time of fashion marketing.

Dior's new designs always shocked the fashion marketing after that time it made Christian Dior's company became more and more famous. A lot of Dior's stores appeared in Paris, Hollywood, New York—it was well known as a luxury label from that time all over the world.

For developing and expanding its market, Christian Dior began to add some other products not only clothes, but also fashion and leather goods, watches and jewelries, wines and spirits, perfumes and cosmetics

The aims of this article is considering the developed of Dior industry in last few years from about 2003 to 2009, and trying to find out some strategies for future development for Dior. And also considered how Christian Dior keeps its predominant in fashion industries, especially in the similar luxury brands like Louis Vuitton, Armani, Gucci, and

Channel. It is obviously that if any industry insists on one strategy or old-fashioned fossilized attitudes in the market, it would be gone out from the market quickly.

The following article will discuss the strategies by four tools, which considered from the industry life cycle, PESTAL framework, five framework and strategic group to understand the development of Christian Dior. And through the five tools we also could understand the different strategies used in different time or under different economic environment. And at last, conducting a SWOT analysis of Christian Dior also becomes a necessary step.

Industry Life Cycle:

The products in any industry should have a process which is called industry life cycle in marketing. Normally, it would separate to four steps: introduction; growth; maturity and decline. The competition becomes white-hot in the luxury marketing, it is a almost total mature market. According to the industry life cycle, it should nearly reach or have already reached the decline step. So, how to change the poison and improve competitive in fashion marketing become an emergence for Manage groups of Christian Dior. Strategies of sustainable development are necessary considered by them in this period.

PESTEL Framework (Political, Economic, Social, Technological, Environmental and Legal):

Political:

Since some new members joint into European Union, the tariff decline quite a lot, it is a big effect to Dior's export and import business. Expanding new business line and opening new stores in different areas is one of Dior's most important strategies. It brought a lot of benefits and challenges to Dior. Reduced price of some products to improve its competitive to other luxury brands, and expanding its overseas plan, especially plan in Asian market. The following graph is Dior's financial report in Europe:

Financial Highlights

(in millions of euros)

2005

2004

Revenue by business groups

Christian Dior Couture

663

595

Wine and Sprites

2,644

2,259

Fashion and leather goods

4,812

4,366

Perfumes and Cosmetics

2,285

2,128

Watches and Jewelry

573

493

Selective Retailing

3,648

3,276

Other activities and eliminations

(69)

(57)

Total

14,556

13,060

Percentage earned outside France

84%

76%

Profit from recurring operations

2,791

2,413

(Source from Christian Dior financial report 2006)

Through this report, it seems under this politics, Dior's export sales increased about 8% in one year.

Economic conditions:

In 2008, world financial crisis started from America, the economic condition impacted every industry quickly. In the first three months of 2009, Christian Dior (2009) stressed Dior Couture declined about "8% at current exchange rates and of 12% at constant exchange rates". The United States and Japan is impacted seriously by the financial crisis, the Dior's goods sales decreased obviously in the period. However, the good news is that sales situation remains strong in China and some Middle East countries. Christian Dior invested strategies into these new areas to develop itself.

Christian Dior (2009) stated that the manager groups changed their focus on these new economic powerful countries, and kept the balance between its strengths and weaknesses. This strategy brought a lot of advantages, and keeps Dior's dominance position on the world luxury marketing in 2009.

Social

Christian Dior has a huge range of customers, because it consists of its best design and quality, it created a fashion culture and history for itself. Dior as a label is respected by many people.

Technological

To improve competition, Christian Dior signed up a contract with John Galliano who is one of the most influential designers in fashion areas. It is a big issue for Dior, and also for fashion industries. For example, Dior watch designed by John Galliano and Victoire de Castellane in 2005, it impacted the trend of Dior's Fashion style. It is not difficult to imagine women would like taking a lot of money in a new style handbag, that means they also would expend a high price on a fashion watch if it is a new fashion trend in their minds.

Furthermore to open up new avenues of business, Christian Dior began cracking other business areas. The first step is co-operating with other brands which is famous in other business industries. For example, On June 2008, Dior co-operated with Apple, created a dress for Apple's iPhone. It was named "Dior Homme iPhone Holder", obviously, it was so expensive, compare with old iPhone, Dior Homme iPhone Holder cost twice price.

It is not the first time Christian Dior entered into another totally different industry. Then, Christian Dior collaborated with Mode Labs and produced its handset. This handset is called "My Dior", and it is extremely expensive, with a 2 Mega pixel camera, a tough screen, and multimedia goodies. One My Dior's retail starts from 5000 dollars. And Dior's company will come up with its own new mobile later soon. (Troaca, 2008)

Environmental and Legal

Obviously, Christian Dior is a legal company, it keeps abiding by every law, including employee's law; company environment condition; fair competitive law and others. Because obeying these laws are the basic situations to run a company.

Five Forces Framework:

It will follow 5 parts: Competitive Rivalry, Buyer, Suppliers, Substitutes, and Potential Entrants.

Competitive Rivalry

Some researches show the price is not the most important factor customers would consider, they are more focus on the value of the products. Like Dior, many rich people are honest fans of its products through the price is very high. This is a big difference between normal products and luxury goods. They buy Dior for distinguishing others.

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Buyer and Suppliers:

Developing new customers and suppliers is a very important plan to Dior. For example Dior invested a lot into developing Chinese market. Especially after 2008 Beijing Olympics Game, most of countries think China is the world next economic superpower. Furthermore, Chinese could supply cheaper resources with the same qualities as European countries. That means built factory in China could reduce a lot of costs.

Substitutes and Potential Entrants

In order to meet more and more customers' requirements, in 2004 Dior expanded internet sales as another kind of channels for selling. It is much more convenient with internet selling, people feel happy to choose their purchases online. Okonkwo (2005, P57) point out that "brands like Dior or Chanel have built their empire not only by capitalizing on their products but also on the aura of the brand, which itself is perpetuated through marketing mix elements such as store atmosphere and communication".

Suggestions and conclusion:

Developing Dior company need to do more effective actions, it should be considered from the main driver of market. Dall'Olmo Riley, Lomax and Blunden (2004, P40) stated that "fast moving consumer goods, growth, rather than defense, it is the main driver for extending luxury brands". Especially in nowadays, Dior gets a lot of stress under the global financial crisis. The Economist (2003) reported because of Euro against dollar, the expenditure of luxury goods from customers decreased dramatically.

Basing on literatures, launching extension for Dior seems a feasibility strategy. However researching elements like desirability, high awareness and exclusive is not an easy thing.

It is easy to find out that knowing the strategic drivers is a much important factor for managements of luxury brands when they considering to extend their brands. As Dall'Olmo Riley, Lomax and Blunden (2004, P45) indicated that "decision and launch criteria are the same for fast moving and for luxury goods". And, managers always need consider the brand's craftsmanship, heritage, culture and tradition before making the decision of whether it should be extended, although the main structure would not change at all. Chernatony and McDonald(2003, P25) typified: "A successful brand is an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique added values which match their needs most closely. Furthermore, its success results from being able to sustain these added values in the face of competition." Which means managers should follow two elements; one is not only concern the products themselves but also consider from the whole business. The other is, keeping the tradition of original brands.

For Dior Company, it has got a high success and respect in fashion areas, the only thing it need to do is considering how to keep its dominant position and keep walking in future.