

Marketing Fundamentals

Analysis and Evaluation

Assessment 1



CHRISTIAN DIOR – MARKETING ANALYSIS

(INDIVIDUAL REPORT)

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INTRODUCTION:

The definition of marketing could be explained in many ways, however one of the most relating words to marketing is promotion. Marketing refers to an organization's activity that commence to promote either buying or selling either service or product. Marketing comprises the selling process, the advertising process and delivering process that are marching business or consumers wants and needs. Therefore, matching the products to customers will ensure the organization profitability. (Brennan, A 2020)

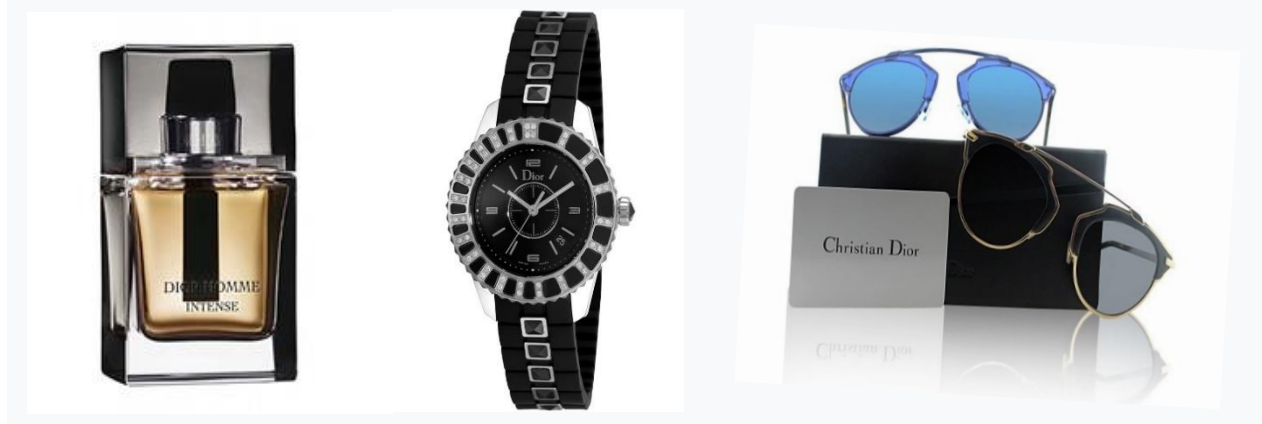
There are loads of professionals with many years, experience in marketing and promotion pursue to attract the attention of the potential audience through advertising that could involve celebrity endorsements, slogans or fancy graphic designs. (Sally, S. 2019).

The company which I chose to analyse in this report has an attractive marketing campaign that involves a lot of famous people to advertise their products. Founded in 1946 in France.

DIOR is a famous French brand that offers their customers with finest products as clothing, designs jewelry, handbags, make-up, sunglasses, perfumes, footwear and watches. The brand is highly recognized across the world by higher socio-economic niche public. (Toledano, S. 2019)

Mission statement:

‘Make women elegant: this has always been Christian's Dior desire. The Dior spirit keeps on seeking beauty to live up to the expectation of the most sophisticated, sexy and elegant women.’ (Toledano, 2019).



1.Processes and stages of marketing including the role of the marketing mix according to Dior.

1.1 Definition of the marketing process- marketing concepts,plan and stages.

Marketing proces is one of the most important methods for any organization. The mane role is to create a value for the consumers as satisfying their needs.To meet the customer's requiremenets, companies must identify existing opportunities, formulate a strategy plan, to take tactical decision and keep monitoring the results.(Kapferer, 2008).

Marketing concepts is when the company must find a way to identify and satisfy unfulfilled customer needs.

The process of doing so can be modelled in a sequence of steps: The Situation analysis, Objectives, Strategies, Implementation and Control.

The following five steps are involved in the marketing proces (Fig.1). Every step is explained briefly, however is this report I will emphasize mainly on two of the marketing process components- the Situation Analysis and the Objectives.



(Fig1.Source by student)

Situation Analysis- this is the condition when the company is responsible to identify marketing opportunities to understand its own abilities and how their competition are operating, their areas for improvement and their self-evaluation.(LORETTE K. 2019). Examples for situation analysis are PESTEL,SWOT and Parter's five forces, however in this report I will reflect on two of this models: PESTEL and SWOT.

a)SWOT – a frame that analyses the internal and external factors that can have an impact of the company's capability.Below is a detail explanation of SWOT analysis of Christian Dior company, includin advantages an disadvantages that could affect the business.

INTERNAL FACTORS

STRENGTHS: Dior has many strengths which have drawn in the company out the ground is the individuality and strong sense of narrative and the creation of 'the dream'.

- ☐Strong luxury brand name and image;
- ☐Strong presence over numerous luxury avenues across the world;
- ☐Successful foray into all lifestyle product lines: fragrances, skincare, make-up;
- ☐Increasing vitality of its emblematic product lines;
- ☐Excellent branding & advertising strategy;
- ☐Strong innovative and high-end savoir- faire
- ☐High qualified manpower
- ☐Upper management
- ☐Sephora: leader of the French selective retailing network
- ☐Support young fashion artists or designers

WEAKNESSES: The company is very well developed;

Presence in a limited market

- ☐Low revenue and presence in Latin and South America
- ☐Low brand recognition amongst men

☐ Replicas create a problem to brand identity

☐ Vertical integration

OPPORTUNITY: Dior is very aware as company, and keeps up to date with all events.

☐ Developing the e-commerce;

☐ Expanding in emerging markets;

☐ Focusing on green initiatives;

☐ Increasing technological innovation investments;

☐ Investing in the male market;

☐ Developing the selective retailing network;

THREATS: Along with threats comes strong competition within the industry, and this case. The threats lie with Chanel, and the fact that there is such a strong connection between two brands.

☐ Tough existing competition;

☐ Increasing number of new designers;

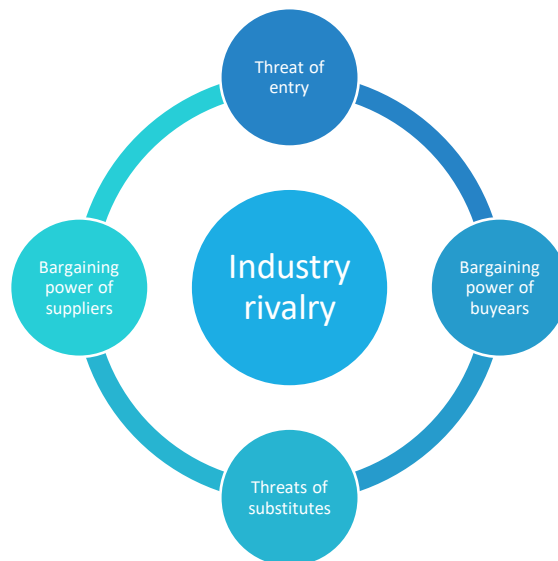
☐ Sales lost on its leading customer group;

☐ Connection with substitute products.



b) Christian Dior Porters 5 Forces Model Analysis:

Christian Dior Porter five forces, reflects the competitive environment of an industry. It is a strategic tool that is used to avoid or minimize the risk of losing the competitive edge that the organization has and to ensure the profitability of the products in the long run. The company holds its vision closely as it allows them to orientate its innovation in terms of choices regarding the investment and strategies. Within the industry the businesses profitability is dependent upon the following forces:



(Fig.2 Source: by Student)

Industry Rivalry:

There are many rivals in the industry who are dealing in the luxury items as Channel, Louis Vuitton, Hermes, Prada, etc. The fashion industry is highly saturated, and every competitor is involved in producing the unique product to gain the market attention. Christian Dior is working its best by attracting different consumers geographically. This helps the brand in increasing consumer base. However, Christian Dior is one of the leading brands in the industry because of its talented managers. The company is involved in producing differentiated products and capture the market. Its new and limited edition sold out really quickly. (UK Essays, 2018).

Threats of substitutes:

Threats from the substitutes are moderate for Christian Dior, as the brand is involved in both retailing and manufacturing. It is not limited product but diversified itself into makeup, apparel, etc. However, the threats it faces is losing its customers who got attracted by rivals. This makes it necessary for the Christian Dior to engage its customers and build a strong loyal consumer base, by differentiating its products. Moreover, the company is successful enough in dealing with this threats (Hopkins, 2018).

Threats of entry:

As the fashion industry is highly saturated with both local, niche, and luxury brands. It has become mandatory for the new entrants in the industry by thinking twice. They have to face big giants who are working in the industry. It will be difficult for them to build a customer loyalty in short span of time for competing rivals. Rivals has been able to build strong brand image in the buyer's eyes. The high distribution network and channels are difficult. The new entrants have to bring more differentiated products in order to grab the market (Hopkins, 2018)

Bargaining Power of Buyers:

The buyers have weak bargaining power in case of Christian Dior. The company is product oriented, rather than market oriented, it produces high end, luxury products, and have its own customer base who buys the product despite of the high prices. The loyal customer will buy the product no matter how much higher the price will be. This makes the brand stand out and weakens the bargaining power of the consumers. However, in this switching cost does not make a big difference, but consumers run towards differentiated products. The brand is mostly in its bags and accessories or fragrances (UK essay, 2018)

Bargaining Power of Suppliers:

When there are few buyers and more suppliers, the bargaining power of the suppliers will be low. Christian Dior is working in the luxury goods fashion industry, which means competing with few rivals. This further means, the brands require specific materials like original leather etc. The buyers of which one are new. Thus, the companies will have more control over prices. However, Christian Dior maintains good supply chain and have suppliers from the globe. The company is also looking forward for the Chinese suppliers, as China is promoting the brands to great extent (Hopkins, 2018).

c) Marketing segmentation, targeting and positioning:

THE STP PROCESS



(Fig.3.Source: by Student)

SEGMENTATION

DIOR geographic segment is very expensive especially in Asia and Europe. The brand opens doors in the metropolitan cities such as Shanghai, London, Paris etc. as the main goal is to supply the modern city where the high valued fashion is on pedestal.” We try to bring through the boutiques the best value of the brand... our idea is not to open lots of boutiques but be able to give, through the existing one, the best value and the best service to our customers” (CNN,2012)

The demographic segmentation is focused on all genders in age between 20-85 years old. Dior has drastically restructured its social position. The brand focuses on the naturally high production value and its strategy is to dominate in the industry of luxury fashion. (Alferis, G 2017)

POSITIONING

Dior has always been positioning its brand as an iconic and luxury fashion with significant prestige among its customers. According to the consultancy firm Interbrand, it was one of six luxury fashion brands (along with Louis Vuitton, Hermès, Gucci, Burberry and Prada) in the top 100 most valued brands in 2017 (Alferis, G 2017).

Dior is contributing a premium quality packaging and services. Therefore, the brand's value is based on heritage. To compensate the higher price, customers are often driven by the extraordinary brand's experiences. This is an opportunity that Dior has taken to create valuable fashion experience to its followers. Similarly, "Brand value refers to brand equity, which is an indispensable intangible asset for luxury companies and translates into revenues". (Dior 2020)

Objectives- One of the main objectives for Dior is to provide its customers with unique, elegant and fashionable style by introducing the modern timeless woman. (Dior 2020). For achieving the same image, the brand should remain using the same strategies that currently are applied.

Strategy- The success of Christian Dior is the result of a new strategy implemented to change the nature of the company. Is the comprehensive plan that involves organization's perceptions and goals. Each business executives invest time for market research where they focus on correct product mix for achieving most profit. The strategy is important for every company as a tool to classify their finest clients and understand their needs and wants. Creating a good strategy will lead the business to the most efficient marketing methods. (Barone, 2020).

The fig 4 shows the consistency of the strategic plan that can be applied to every business.



(Fig 4. Source: by Student)

- a) *Product* – Dior’s products are made following a higher standard for classy people that can afford the expensive brand. Every product indicates uniqueness and innovative quality and technology of making the products.



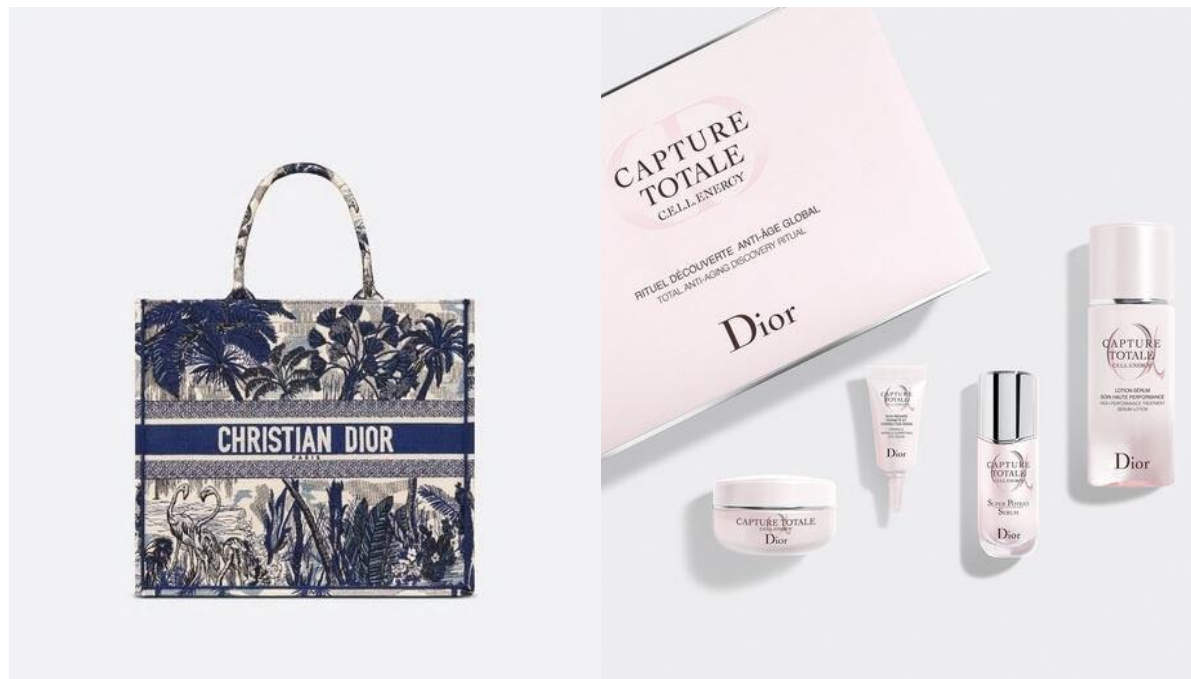
Being one of the most popular luxury brand, Dior provides a diversity of excellent quality products varying in different prices. Haute couture is the emblem of every luxury brand’s image,

and Christian Dior is the master in producing high quality clothing. A full range of its product is available on the brand website, available on: https://www.dior.com/en_gb

b) *Price* – The purpose of Dior is not to compromise with the quality of its products.

The pricing strategy is based simply on the premium excellence of the product as well as the time it takes for making the product. (Bragg, 2019).

Being the one of the leaders in the fashion luxury brands, Dior is benefiting from prestige pricing strategy. The main purpose of this pricing strategy is to convince the customers that the higher price is equal to better valued quality. Therefore this strategy has psychological advantage as it directly influences the customer's buying attitude. (Bragg, 2019).



c) *Place* - Christian Dior products offers exclusivity to its customers and is offered only through the boutiques maintained by the company itself. It has retail stores in more than 210 locations with 100+ stores in Asia, ~50 stores in North America, 40+ stores in Europe and rest of the stores located across the globe. The retailers can carry only the licensed products for the location. Even though Christian Dior has a website as well, it does not sell any products through its website. Only a select range of products are sold online through third party e-commerce website. (UKEssay 2019)



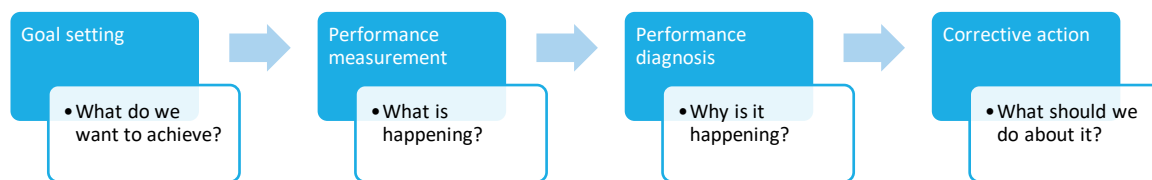
d) *Promotion-* The promotion in the Christian Dior marketing strategy is as follows:

Christian Dior brand does not market its products through any traditional media such as Newspaper adverts or TV adverts. Instead it published Ads only through specific channels such as Vogue magazine which caters to its target segment. Christian Dior takes customer relationship management very seriously as it is a luxury brand which enjoys loyalty from its customers and rewards them by sending them latest news regarding new products through emails and post. The brand has received visibility through various celebrities using its products publicly. Further, it frequently uses various celebrities for its fashion shows and campaigns running on its website. (Dior 2020)



Implementation – is the process where a company makes decision or plan and then put it into execution. As an example, for Dior’s implementation back in the days when he launched her company, he had a plan to satisfy the modern human needs as creating a niche in the existing market to fill up the fashion industry gap. (Shagun,2009)

Control - Marketing Control is a set of procedures that every organization must monitor in order to achieve their marketing objectives and strategies. (Fig.5)



(Fig.5 Source: Internet)

2. The role of marketing in creating value for customers- advantages for customers.

2.1 The societal marketing concept of Christian Dior:

Dior’s Societal marketing concept compering to other luxury brands only the modern women’s interest. To support its customer’s needs and wants, Dior opened its doors and let everyone inside its house to cultivate exclusivity and mystery. Dior took this approach to express the value of its most fashionable collection. (King. J. 2019).

2.2 Christian Dior branding strategy:

The definition of branding is a practice in which an organization creates a name, design or symbol that world be recognized easily by consumers. The branding strategy could be advantageous for the organization for its customers. Bellow is would like to describe some of advantages that helps Dior to increase the number of customers and achieve its business goals.

- a) Brand Recognition generates new consumers – Christian Dior’s strong branding generally has a positive impression among its customers. The familiarity of the brand and its dependability easily attract more people. (Smithson. E.2016)
- b) Company’s web site or app – Christian Dior web site is created to make ease the customer order. The ability to shop online without limits or restrictions is beneficial either for the customers and the company.
- c) Customer loyalty – Christian Dior’ customers are always loyal to the fashion gurus. For companies such as Christian Dior being able to luck after its clients and building strong brand image is very important. This is where the company invests money in promoting its high- quality products.

Another example of Dior’s diversification is the Dior Café. This extravagant place is based only in megapolises and offers its customers a free drink enjoying the presentation of Dior’s new products. (Fitzgerald, B).



3. Stakeholders engagement and their impact on the marketing activities of Christian Dior

3.1 Definition of Stakeholders – stakeholder is a party that has direct interest in a company and can either affect or be affected by the corporation. The stakeholders in a typical business are its investors, customers, employees and suppliers. (Chen,2020). In the marketing we divide the stakeholders into internal and external.

3.2 Christian Dior internal and external stakeholders- Dior's *internal stakeholders* are its employees, owners, Directors and managers. Let's take an example of the employees and the shareholders and how they can influence or being influences by the company.

Employees – Dior's employees can benefit of excellent pay rates and they are allowed to receive one Dior suit per year. The company provides every staff member with an opportunity to develop their personal and professional skills within the business. Some of the employees have the advantage to work in different location and meet people from the Head Office. (Dior,2020).

Shareholders -This group can be easily affected by the revenue of the company. Therefore, their value is to ensure that the revenue lever stays stable every year. The more profitable gets, the more beneficial to the shareholders is. (Chen, 2020).

3.3 How Christian Dior communicates with its stakeholders? – the key for building up a successful communication Dior between the internal and external stakeholders is has to be strategically considered.

The internal communication is supported by all members of the organization and their focus is based on understanding the key factors that influence the company's communicating system.

Christian Dior Internal communication strategies involve:

- a) In-person meetings;
- b) Emails are one of the best communication tools that every company uses for sharing important information;
- c) Scheduled conference calls are typically used when the team can not meet in person and this allow each member to share information between each other.

The external communication must focus on speaking to your supporters and understanding what messages and tactics move them to achieve their goals. (Caroline T, 2019)

Christian Dior external communication strategies involve:

- a) TV and Radio advertising is another communication tool that can influence Dior's external participants.
- b) Publishing the company's annual report is another way for Dior to communicate with its investors as reliving its value can influence more people.

Conclusion and recommendation:

In conclusion, I believe that Christian Dior being one of the top brand industry has achieved huge success in terms of its marketing strategy. The company benefits is strong brand recognition and loyalty from its customers. Being over a century old company they has kept its unique and extraordinary shape. To sum up, market segmentation requires companies to separate their consumers into groups according to the characteristics. Dior targets into the ladies' favorite goods and keep developing well. Through marketing mix, Dior sets the price at a high place. Use the franchised store to sell their product. Produce clothes, perfumes, make up to attract women for buying. Design the attractive advertisement for promotion. By these four Ps, Dior plays an important role in fashion world.

Recommendations:

Short term:

- a) Improve the website
- b) Marketing and advertising towards males

Long term:

- a) Offer economical line
- b) Counterfeit protection
- c) Develop untapped markets

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