

# *Analysis of the Online Marketing Model of Luxury Brands: Dior as an Example*

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**Abstract:** With the continuous increase of China's per capita income, it has gradually transitioned from the past subsistence consumption level to the current well-off level, and the purchasing ability of consumers has gradually improved, so luxury goods in China are becoming more and more popular, making China become one of the largest consumer countries. However, due to the raging epidemic and fast fashion brands, the rapid rise of light luxury brands, and the Internet, the development of luxury goods in China is also in a dilemma. To adapt to the development of new media, luxury brands have accelerated the layout of online markets to cater to consumers' shopping habits. Therefore, the research on the online marketing model of luxury brands has particular practical significance. In this paper, Dior is the main body to analyze it. Firstly, it introduces the background and competitiveness of the target brand Dior and expounds on the current situation of luxury online marketing in China by analyzing the marketing methods of Dior in the different modes of traditional and new media. In addition, the effect of Dior in the network marketing mode is shown and evaluated. Finally, the future development prospect of the online marketing of luxury brands is put forward.

**Keywords:** Dior, network marketing, new media

## 1. Introduction

With the advent of the Internet+ era, the development of new media technology, and the popularisation of the Internet, the Internet and new media have become pervasive in the public's daily lives. Meanwhile, under the influence of global health problems that have led to the closure of many luxury offline shops, online marketing has become an essential task for major luxury brands. It plays a vital role in maintaining the stability of the luxury market. To explore the online marketing model of luxury brands, this paper takes the online marketing model of the century-old luxury brand Dior as an example, analyses the current market situation in Dior's online marketing channels, and explores Dior's traditional and Dior's new media online marketing model. It summarises and lists the specific marketing methods under the two models.

The research is mainly based on the widespread application of TikTok, giving examples of the online marketing strategies of the famous luxury brand Dior. The paper emphasizes Dior's innovation in its marketing strategies on Tik Tok and how Dior applies theory into practice to improve their online sales volume. This paper aims to enrich Dior's online marketing research to increase sales through case analysis. This research analyzes the procedures and characteristics of different luxury brands' online marketing strategies. Through the analysis of typical cases, the advantages and deficiencies of online marketing of varying luxury goods and their patients are given in this paper. Therefore, the paper will help managers better understand and command online marketing theories and deepen their research.

This paper has enriched the theoretical research of Dior's online marketing mode, perfected its deficiencies, and provided a theoretical basis for Dior's innovation in Tik Tok promotion and online marketing of the luxury industry. From a practical point of view, this study will help to advance the development and improvement of the luxury online marketing industry, support luxury brands in reducing the risk of online promotion, and promote the perfection of online marketing mode.

## 2. Literature Review

The current state of luxury marketing has also been much covered by academics and is mainly presented in case studies. Zhan studied the new leading force in luxury consumption combined with Dior's marketing strategy and concluded that young millennial consumers would become the new leading force in the luxury market. In contrast, online marketing will help capture this consumer group [1]. Xie studied the marketing strategy of Dior in the Chinese market. Statistics show that the number of people who choose online to browse the brand's information far exceeds that of offline channels. She believes that Dior's online promotion channels have great potential to enhance the brand's value [2]. Yang studied the online marketing strategy of luxury goods and concluded that new media using the Internet as a platform could significantly promote the promotion of luxury brands, strengthen the connection with consumers, and broaden the sales channels of luxury goods[3]. Zhang studied the online marketing strategy of luxury brands and concluded that online marketing strategy helps to show the brand image and tell the brand story. Online live-streaming with goods interestingly increases product sales while attracting consumers [4]. Wang studied the marketing methods of enterprises under the new media taking Company M as an example, to explain the current value of new media marketing in the market and believed that new media marketing has implications for enterprises [5]. Han studied the current market situation of luxury goods in the context of "Internet+" and concluded that the luxury goods industry has excellent potential for development, and companies have realized the importance of the Internet for marketing [6]. Liang studied the characteristics and basic models of online marketing activities in the new media environment and put forward strategies and suggestions for enterprises to carry out online marketing activities [7]. Jia studied luxury marketing strategies on e-commerce platforms and proposed effective marketing strategies for the existing problems in luxury marketing in e-commerce platforms [8]. Lei once studied luxury brands' marketing strategies in the new media environment, analyzed the status quo of luxury marketing, and proposed corresponding measures based on the existing marketing problems [9]. Li once studied the marketing strategies of luxury clothing brands in the era of intellectual media. By studying the marketing transformation of luxury clothing brands in the era of intellectual media, Li supplemented the relevant strategies of intelligent media marketing of luxury clothing brands and provided innovative thinking and cases for the future of luxury clothing brands [10]. Based on the literature review, luxury goods marketing has gradually shifted from offline to online sales in this Internet world. However, there still needs to be a clear research result of online marketing mode and whether it has been thoroughly analyzed in case studies.

### 3. Case Studies

#### 3.1. Brand Background

Christine Dior, abbreviated as Dior or CD, is a famous French fashion brand affiliated with Louis Vuitton Moët Hennessy (LVMH). Dior is mainly engaged in men's and women's handbags, women's and men's clothing, men's and women's footwear, jewelry, perfume, cosmetics, children's clothing, and other high-end consumer goods. Dior is a combination of "God" (Dieu) and "gold" (or) in French, and gold later became the most common color for Dior. Dior's brand design has always maintained a noble and elegant style, not only fashionable and charming but also full of self-confidence and vitality. Generations of designers have driven Dior's reputation to the top with their extraordinary talents.

Furthermore, they all uphold the same design spirit: the necessary exquisite tailoring. Dior was slow to enter the luxury Internet world, and it was only in 2013 that Dior established its first new media marketing platform and began selling fragrances online. Despite lagging behind other luxury brands in terms of time, the New York-based digital marketing research agency released the "DigitalIQIndex: Fashion" report in 2014, which quantitatively assessed the digital marketing performance of 90 leading fashion brands and ranked Dior in the top three overall with 110 points in the top three, earning the highest rating, a surprising result for a brand that has not yet officially entered new media.

In 2015, Dior launched some new programs in terms of new media. In March, Dior announced that it would officially launch a new global media network. In August 2016, Dior sold limited edition handbags on WeChat as an online flash mob, which pioneered the sale of luxury goods on WeChat and marked a turning point in E-Marketing in the industry. Dior has established consumer communities on WeChat, Weibo, Tik Tok, Xiaohongshu, and other local brands in China to help the brand reach broader consumers.

With the gradual decline of the European luxury market, more and more luxury brands are entering the Chinese market. If Dior is classified as a comprehensive luxury goods category, LV, Gucci, Prada, Chanel, YSL, Burberry, and so on are all its strong rivals. Among them, Chanel is the most potent competitor. Some of Dior's competitors in makeup are YSL, Mac, Giorgio Armani, Lancome, Chanel, Givenchy, and so on. In the bag part, the competitors are mainly Chanel and LV. In the accessories, parts are mainly Oscar de la renta. The shoes are mainly Gucci, LV, Valentino, and CL.

#### 3.2. Analysis of the Network Marketing Channel Mode of Dior

In recent years, the layout of domestic online platforms has become a luxury brand. To accelerate the layout, China must choose the channel. In particular, under the impact of the COVID-19 pandemic, offline store sales are stagnant, and the advantages of online media are increasingly apparent. The accelerated distribution of online channels will undoubtedly increase brand sales. In the future, brands will increase investment in online channels. With the penetration of digitalization, the brand will gradually increase the size of the all-channel construction to find a precise customer base. In addition, with the growth of Generation Z groups, the sinking market for luxury brands will rise gradually.

##### 3.2.1. Traditional Network Marketing Model of Dior

In this section, this paper will analyze Dior's conventional marketing methods, including Simple online sales, Digital promotion of traditional media, and Online shopping malls.

*Simple online sales.* Luxury brands joining online sales is an opportunity to develop third-party luxury e-commerce platforms, which can become a new sales channel for luxury brands through cooperation. The capital market began to find new opportunities, and the third-party platforms have

extended olive branches to luxury enterprises and actively invested in luxury e-commerce. For example, Fifth Avenue, the largest online luxury sales platform in China, has cooperated with Chinese consumers with a simple and fast way to buy luxury goods by officially authorized by brand owners, agents, or authorized dealers.

*Digital promotion of traditional media.* Dior publishes spring, summer, autumn, and winter shows in Paris and other big cities to lead the fashion trend. At the same time, famous artists, world celebrities, fashion media, and other celebrities are invited to participate in the big show. One is to stabilize customers, on the other is to increase media exposure. In addition, various fashion magazines (Vogue, ELLE, etc.) will promote the latest fashion information from Dior. Taking celebrity endorsement is also one of Dior's publicity measures (such as Rihanna, Kim Ji-soo, and Yang Ying...) by selecting celebrity endorsement measures that fit the Dior brand image and forming a propaganda effect.

*Online shopping mall.* At present, more and more luxury brands are beginning to contact e-commerce platforms and reach cooperation to establish their official e-commerce platforms by building their official online store for their brand to promote their products. Open Dior's official website and the home page's design is the same as the brand style. First, the main products and the latest product design are displayed through slides. The home page covers a series of product links, such as haute couture, fine jewelry, watches, cosmetics, and perfume, to facilitate customers to choose products. In addition, the official website has online customer service to answer every customer with doubts. If customers want to get logistics delivery immediately, they can also search for nearby stores and choose a physical store to buy. However, customers ordering products on the official website will enjoy free order delivery and experience packs.

### 3.2.2. New Media Network Marketing Pattern of Dior

Since China's short video industry entered the market in 2017, its user scale has expanded, and its commercial value has constantly been emerging. In the current popular short video software (such as TikTok, Xiaohongshu, Bilibili, etc.), Dior has carried out brand marketing in them. The main methods are as follows.

*KOL advertising product placement marketing.* This marketing model is mainly with the help of web celebrity fans to promote because most of the public figures flow is not significant; only those traffic star and some web celebrity traffic are relatively large, also are more fans, so these web celebrities as long as casually released a few video mouth, patch advertising can cause fans widely spread, also can attract those consumers to consumption, achieve the purpose of enterprise do short video marketing.

*The scene, immersive and experiential marketing.* Many consumers are more concerned about the product's characteristics, so some advertisers prefer to shape specific scenes through the product's attributes to increase the product's exciting experience and stimulate the user's desire to buy. This way can make users feel the benefits of the product in advance so that people can identify the advantages of the product and then realize the engaging transmission of essential features of the product.

*Live to stream of e-commerce.* With the traditional e-commerce traffic dividend approaching, customer acquisition costs increase yearly. The form of e-commerce + live broadcasting has gradually become a channel of traffic increment and has been sought after by many people. In addition, in the scene of live broadcast, anchors can more intuitively show high-quality and cost-effective products to users through interactive means, bringing a good transformation effect. The new Internet sales model of e-commerce live broadcast brings people a new shopping experience and realizes the so-called "combination of quality and effect" that brands have been dreaming of.

### **3.3. Evaluation of the Effectiveness of Online Marketing Strategies**

#### **3.3.1. They are Helping Brands with Revenue**

Dior opened official flagship stores in China with the brand's official website, WeChat mini-programs, Taobao, and various popular apps to broaden the purchase channels of Dior products while live-streaming through popular apps such as Tiktok to drive product sales, which the publicity and sales of beauty products are more prominent, according to the first half of 2022 financial report of LVMH Group, the company to which Dior belongs, which states. "DIOR perfume and cosmetics business performed well." Network data shows that from October to December 2022, in just 90 days, Dior beauty lives sales in Tik Tok have reached 4,000w+.

On a worldwide scale, the Information by business group section of the 2021 Dior annual report shows that thanks to the online marketing strategy, Dior's product lines increased profits in 2021 compared to 2019 and 2020. In the 2021 financial report, it is also possible to compare the performance of Dior in 2019 with that of Dior in 2020. Dior has not been seriously affected by COVID-19, and the Chairman of LVMH has expressed his satisfaction with the results in Dior's 2020 financial report, recognizing the importance of online marketing.

#### **3.3.2. They are Expanding Brand Influence**

Dior combines the brand's culture and the characteristics of the products that need to be promoted and the audience to film promotional ads. Through outstanding promotion methods in online marketing strategy, such as precise ad delivery using the unique algorithm of popular apps and dominating the opening home page of popular apps, Dior increases the exposure of the brand, which significantly increases the awareness of the Dior brand and thus expands the influence of the Dior brand. According to Launchmetrics, a fashion and luxury brand marketing solutions provider, Dior became the luxury brand with the highest median value in the fourth quarter of 2020 media influence ranking; Dior was in 43rd place in the global brand value in 2021; Dior was also in a high ranking of hotness in the popular brands as well as content broadcast in Tiktok in the first half of 2022; meanwhile, in the third quarter of 2022, Dior became the third-ranked luxury brand in the category of adult bags in the Weibo Luxury Vitality List.

### **4. Conclusion**

Through the study, this paper finds that with the arrival of the Internet+ era, new media technology develops more deeply, and the advantages of new media marketing channels will be more prominent. The e-commerce platform of Chinese luxury brands has been improving gradually, forming the present mode of brand marketing. Therefore, new media marketing will indeed become an important way of luxury marketing. The study of Dior's online marketing strategy shows that Dior has a traditional online marketing model. In contrast, Dior has formed a new media online marketing model under the fast-growing short video industry, which is of great significance to promoting its brand construction, enhancing brand value, and achieving the long-term development of the Dior brand. This study takes Dior as an example to provide a reference for researchers who study luxury online marketing strategy, which is beneficial for the public to understand the marketing strategy of luxury brands in today's new media era and for major luxury brands to clarify the status quo and mode of online marketing in the luxury market. Finally, this study is more inclined to take Dior as an example of a luxury online marketing strategy. The study of other brands can be further developed according to the above aspects.

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