

Exploring the Potential of Establishing a Standalone Dior Store within Rajasthan's Palace hotels

A Two-Pronged Approach to Gaining a Foothold in the Indian Luxury Market
First, opening a store in a strategic location within the palace hotels in Rajasthan, and second, implementing experiential marketing strategies

Executive Summary

This project proposes a compelling strategy for Dior to strengthen its retail presence in the Indian luxury market by capitalising on the country's unique luxury hospitality sector. While Dior has been making efforts to increase its visibility in the country—such as the 2023 pre-fall show in Mumbai and the launch of an India-exclusive bag—its growth remains slower than in other Asian markets, with only two stores (Delhi and Mumbai) and limited footfall. This highlights the potential necessity for a new approach to luxury retail spaces.

This strategy targets **a new customer segment: affluent travellers staying at luxury palace hotels in Rajasthan**. Leveraging Dior's existing ties to Rajasthan's heritage appeal, the project suggests the two most suitable palace hotels for store placement and evaluates the feasibility of this opportunity. It also **recommends limited-edition products and experiential marketing tailored to this niche clientele**.

By assessing this untapped retail avenue, the project aims to provide Dior's senior management with strategic insights to drive this expansion and reinforce the brand's narrative of exclusivity.

Why Should Dior Establish a Foothold in the Indian Luxury Market?

- a revenue of **\$7.86 billion by 2024** is expected from the Indian luxury sector, as reported by Statista (Ksheerasagar, 2024).
- the market is anticipated to maintain its growth, with projections indicating that it could expand to **3.5 times its current size by 2030** (Bain & company, 2022).

- **a rise in Tier II & III spending power**, alongside the growth of high-net-worth individuals in Tier I cities, is accelerating the evolution of India's luxury market (Philippe and Caroline, 2021).

Fifth-leading global destination for retail
(World market, 2024).

Identifying Challenges in India's Luxury Retail Sector to Strategically Position Dior

"India is known for luxury, but of its own"

● Insufficient Retail Infrastructure

Inadequate infrastructure, lack of upscale high streets and ambiances and limited luxury malls drive high rental costs, challenging the viability of global luxury stores in India. (Thakur (2023)

● High Import Duties and Operational Complexities

- Bureaucratic regulatory environment and investment constraints.
- High import duties inflate luxury prices
- High prices prompt HNIs to prefer shopping in cities like London or Paris

(Thakur (2023)

● Lack of Motivation among Indian Consumers & Local Competition

Consumers perceive little justification for purchasing an expensive Dior gown when similar options from Indian luxury brands are available at lower prices. (Som, 2023)

● Fragmented Landscape

The dynamic interplay of different tier cities, consumer behaviours, and digital access challenges efforts to reach a wider audience (Business Standard, 2024), (Shah and Singh, 2022)

Dior's shortcomings?

Despite Dior's long presence in India, the brand hasn't seen rapid growth like in Southeast Asia.

(Guilbault, 2023)

With only a few mono-brand stores, Dior lacks **scale**— leading to high overheads that hinder its expansion in India.

(Hundekari cited in Thakur, 2023)

To compete with local designers and generate a major revenue source in the market, **it will have to do more than magnificent shows and enhance its marketing strategy.**



Palace Hotels of Rajasthan as a Lucrative Commercial Opportunity for
Dior Seeking Upscale, Rentable Showroom Spaces

Going Back to Where Dior's Vision Began – Tapping Affluent Hotel Guests in India

Directly targetting the consumers where they are!

“Dior's history began by identifying the demographic of affluent hotel guests at Hôtel Plaza Athénée as his ideal clientele, leading to his first couture house at 30 Avenue Montaigne (Dorchester Collection, s.d.). This expansion builds on this historic narrative”.

How hotels offer lucrative luxury retail opportunities & why it is beneficial to apply this model in India?

Luxury shopping in tourism is the key motivator

for luxury retail in the hotel industry, a central and common tourist activity (Collins-Kreiner and Zins, 2011)

Upscale retail infrastructure

with the rise of experiential luxury consumers, hotels now take a holistic approach—offering ultimate luxury beyond accommodations, making them ideal retail spaces

Hedonism - Motivation for impulsive purchases

it's not the consumers who go to luxury, rather luxury comes to them, hotels (an enclosed and immersive space) are linked to travel and hedonism, which encourages impulsive buys (Camison and Chaney, 2024)

Direct access to high-net-worth-guests

as acquiring new customers is costly (Hensel, 2019)

A compelling opportunity to build on the long-standing link and current growth of luxury fashion and hospitality, *as global brands have yet to fully capitalise on this retail potential in India as they have globally*

Magestic Appeal Of Rajasthan's Heritage Hotels

Epitome of Luxury Hospitality in India

Rajasthan, referred to as the **"land of kings"** with **majestic palaces, regal forts, and rich cultural heritage**, reflects the opulent lifestyle and consumption patterns once enjoyed by maharajas that played a pivotal role in shaping India's luxury narrative. (Sinha, 2012)

It has **capitalised on its royal heritage** and **traditional culinary offerings** by **converting palaces into heritage properties** (Nandwani, 2019). Now boasting the most extensive collection of high-end luxury hotels. (Sharma, s.d.)

With the **popularity of heritage tourism**, The state is globally renowned, and these properties are among the most coveted by consumers as it offers authentic elements :

- **historic storytelling**
- **royal connections**
- **exclusive privilege of staying in culturally significant locations**

(Kumar et al., 2024)

These palace hotels cater exclusively to ultra-high-net-worth guests, giving **Dior the chance to provide an exclusive experience where their consumers are solely among other luxury clientele**, thereby preserving the luxury atmosphere.

For this clientele, the chance to acquire exclusive pieces as a part of their stay represents a highly attractive selling point!



Why are Taj Hotels' Heritage Properties the Ideal Choice for Dior's Retail Presence in India?

Indian Hotel Company Limited and one of its subsidiaries Taj Hotels is identified as the key player in the Indian luxury hotel sector and heritage properties

AAA+ rating

Taj hotels, is one of the strongest hotel brand in the world, with an highest credit. (Erricker, 2024).

584 billion Indian rupees

marked the market capitalization of IHCL in March 2023, making it the dominant player in India's hotel and restaurant sector. (Statista, 2024)

IHCL is the country's largest palace operator, with Taj Hotels owning the highest number of heritage properties. Their presence is in historic cities of Rajasthan like Udaipur, Jodhpur, Jaipur and Jaisalmer (**highlighting majority of its presence in Rajasthan** (IHCL, 2023).

Taj's portfolio of some of the notable heritage properties in Rajasthan

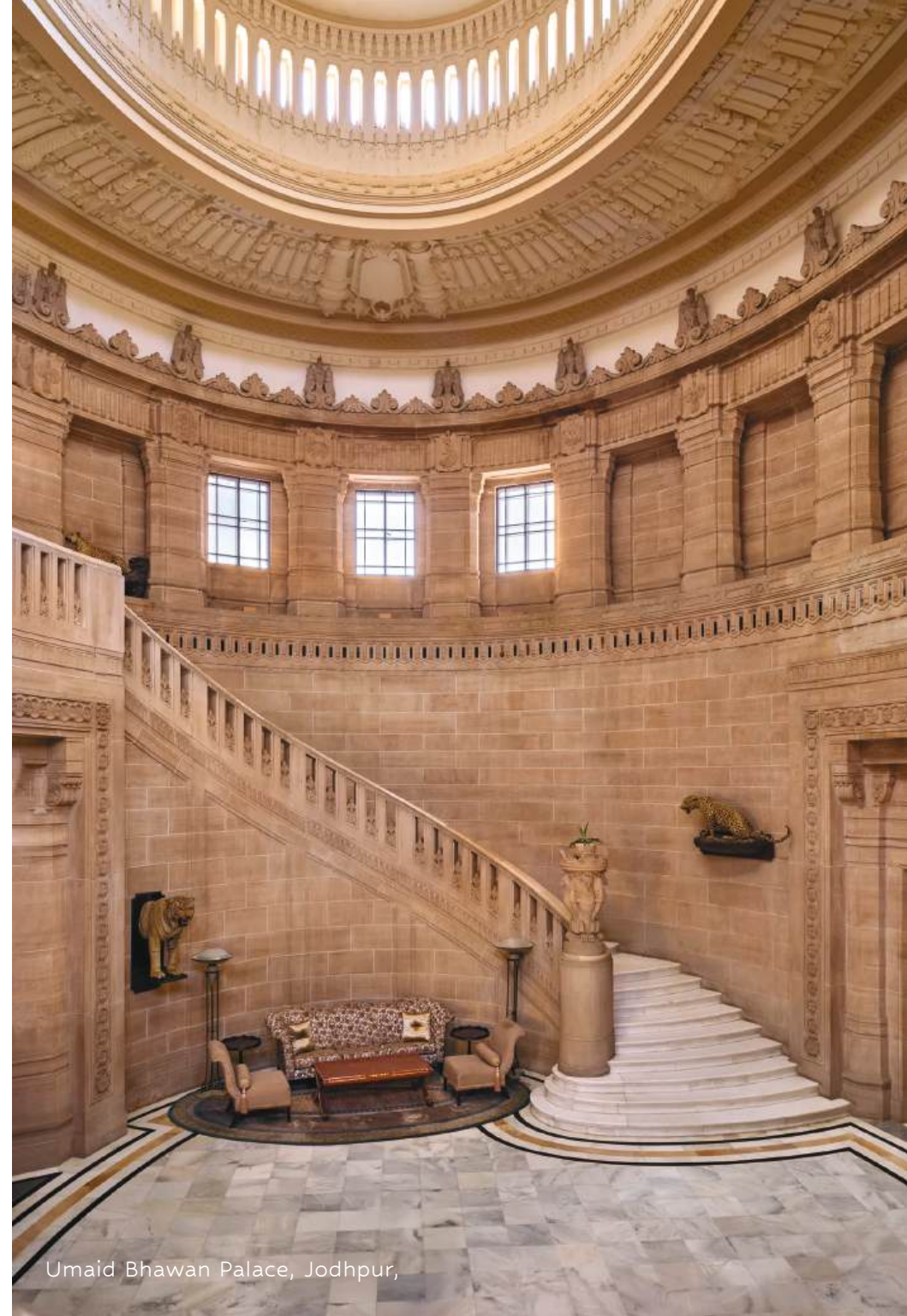


**Proposing Two Taj Palace Hotels Offering Magestic Retail
Infrastructure Ideal for Dior's Expansion**

Umaid Bhawan Palace, Jodhpur, since 1972

The hotel is a majestic property that began functioning as a heritage hotel in 1972, with the Taj Hotels taking over management in 2005 (Nast, s.d.)

Ranked 12th among the world's largest palaces (Jazib, 2024) as well as the best hotel in India with 1st rank and a score of 98.97, according to the Conde Nast Traveller Readers' Choice Awards 2023 (Traveler, 2023).



Umaid Bhawan Palace, Jodhpur,

Taj Lake Palace, Udaipur since 1971

With a history of **275 years** and completing 50 years under Taj, is positioned on an island within Lake Pichola in Udaipur (Tata, s.d.) **The hotel is ranked 3rd** with a score of 96.38, based on Conde Nast Traveller Readers' Choice Awards 2023. (Traveler, 2023)

Additionally, it is among the **top hotels to be photographed globally** (IHCL, 2023)



Taj Lake Palace, Udaipur

Key Insights into the Clientele, Retail Scenario and Marketing Strategies Adopted by the these Hotels

Primary data collected by the Hotel Managers

CATEGORIES	SUB - CATEGORIES	TAJ UMAID BHAWAN PALACE, JODHPUR	TAJ LAKE PALACE, UDAIPUR
Customer Demographics	1.Age:	25, and above	18 – 90
	2.Income level	Middle to high income levels	Ultra-high-net-worth individuals
	3.Profession	Diverse, but often includes professionals, business owners, executives, and travellers for work-related purposes.	Diverse backgrounds from business families
	4.Proportion of Guests	<ul style="list-style-type: none"> ● Business Associates – Significant proportion Guests travelling for conferences, meetings and work-related purposes ● Couples – Substantial proportion Includes both leisure travellers and those combining business and leisure. ● Families – Smaller proportion 	
	Proportion of Domestic and International travellers	Strong international presence, and domestic travellers mainly come from Delhi and Mumbai	Primarily international visitors from UK and US, but domestic travellers mainly come from Gujarat, Mumbai, and Delhi.
	Average occupancy rate and peak	40% to 45% throughout the year, with winter being the peak season.	Annual average of 75%, with winter being the peak season.
	Hotel’s key events	Business events and weddings (contributing significantly to a high occupancy rates in winters)	

CATEGORIES	SUB - CATEGORIES	TAJ UMAID BHAWAN PALACE, JODHPUR	TAJ LAKE PALACE, UDAIPUR
Current Retail Scenario in the Hotels	Current retail spaces and offerings	Retail shopping experiences are present in the hotel. (Lack of insight into specific product offerings)	Presence of local traditional concessionaire that offers an impeccable collection of textiles and artifacts, attracting both domestic and international guests.
	Spending preferences	Guests are inclined towards locally sourced products and historical artifacts.	Guests have a significant purchasing power and often indulge in luxury purchases.
	Guest feedback	The guests hold high expectations for historical souvenirs	Guests value unique displays and a knowledgeable sales person
Marketing Strategies	Experiential marketing	Focuses on offering unique and memorable experiences that go beyond traditional hospitality which includes curated tours, royal dining experiences, spa treatments.	Focuses on exclusive events and experiences like personalised dining to enhance guest satisfaction and boost sales.
	Digital presence	Using high-quality digital content to showcase the property's luxury amenities, and services on its website and social media platforms.	Promotion through social media and print media in order to reach a wider audience and enhance engagement

Tapping into a new consumer segment, that is not just restricted to tourists

Majority of the hotel's occupancy rates are attributed to business events and weddings

- **BUSINESS FAMILIES**

bleisure travellers

- **MICE TRAVELLERS**

travellers for meetings, incentives, conferences & exhibitions

- **WEDDINGS GUESTS**

dominant venue for destination celebrations

- **ULTRA HIGH NET WORTH TRAVELLERS**

inbound and domestic



John Galliano's Pink and Gold Saddle bag



Rani Pink Lady Dior by Maria Grazia Chiuri

Product Strategy for the Retail Store

Shopping experiences in the hotels are currently limited to traditional local concessionaires offering artifacts and textiles, with no presence of global luxury brands — presenting Dior with a unique opportunity

one-of-a-kind products that complement their heritage experience

Research reveals that guests at these hotels prefer traditional items, locally made products, historic pieces, artifacts, and souvenirs - a preference Dior can reflect in its product offerings.

limited edition inspired by the pre-fall Dior show in mumbai

In addition to Dior's global product line of bags, shoes, scarves, a few fashion garments like Nehru jackets, pieces inspired by the Pre-Fall Dior show in Mumbai can appeal to guests through local artisanal craftsmanship, while creating a narrative around the collaboration.

archival pieces from historic collaborations with India

From Marc Bohan's collection in 1962 to John Galliano's jackets that featured Indian embroidery techniques inspired by Maharajas' (Indian king) jewels.

the two iconic Indian -inspired bags by Dior - worthy of making a comeback!

The Rani pink and gold embellished Dior Saddle Bag and a limited edition inspired by the Lady Dior in Rani pink are significant vintage classics, particularly suited for the Indian celebration market (Catering to wedding guests).

entry-level products - Dior makeup & perfume

Given Dior makeup's popularity in India, a limited edition lipstick line designed for Indian skin tones could cater to wedding guests seeking last-minute purchases, along with miniature Dior perfume bottles featuring unique packaging inspired by local artistry

How Can Dior's Experiential Marketing Approach be Emulated within these Palace Hotels?

- Dior has established itself as an experiential lifestyle brand **by engaging with consumers wherever they go** and leveraging the spending power of affluent travelers. (Saunter, 2024)
- Dior's global retail strategy underscores the rising trend of **innovative traveling retail concepts**.
- **Touching every luxury experience and converting it into a branded one**, is the key strategy identified.

Dior selects the most unique locations for its pop-ups, spas and cafes and *create an ambience of escapism*. **Leveraging the opulence of these palace hotels to create immersive experiences** can serve as a powerful brand positioning and **building brand affinity in India**.



FLOATING DIOR SPA ON THE RIVER SEINE IN PARIS



DIORVIERA POP-UP, PARIS



DIOR SPA ABOARD THE BELMOND ROYAL SCOTSMAN



DIOR SPA

on lake Pichola

The Taj Lake Palace Royal Jiva Spa Boat X Dior Spa

Dior Spa on lake Pichola

A collaboration between the existing floating spa onboard the boat service provided by the Taj Lake Palace on Lake Pichola as seen in fig. 1 and Dior Spa presents an intriguing opportunity.

Inspired by the Paris Dior Spa on the Seine River, this venture could feature a temporary Dior- branded floating spa ambiance. This would include branded towels, robes, and slippers, designed with prints that align with the limited edition collections available at the new store.

Such a collaboration would not only allow guests to purchase Dior products but also immerse them in the brand's storytelling and experience the Dior world.



Fig 1. Wellness Circle Boat Session by Taj Lake Palace, Udaipur - Spa Wellness Suite on the Royal barge



DIOROYALE

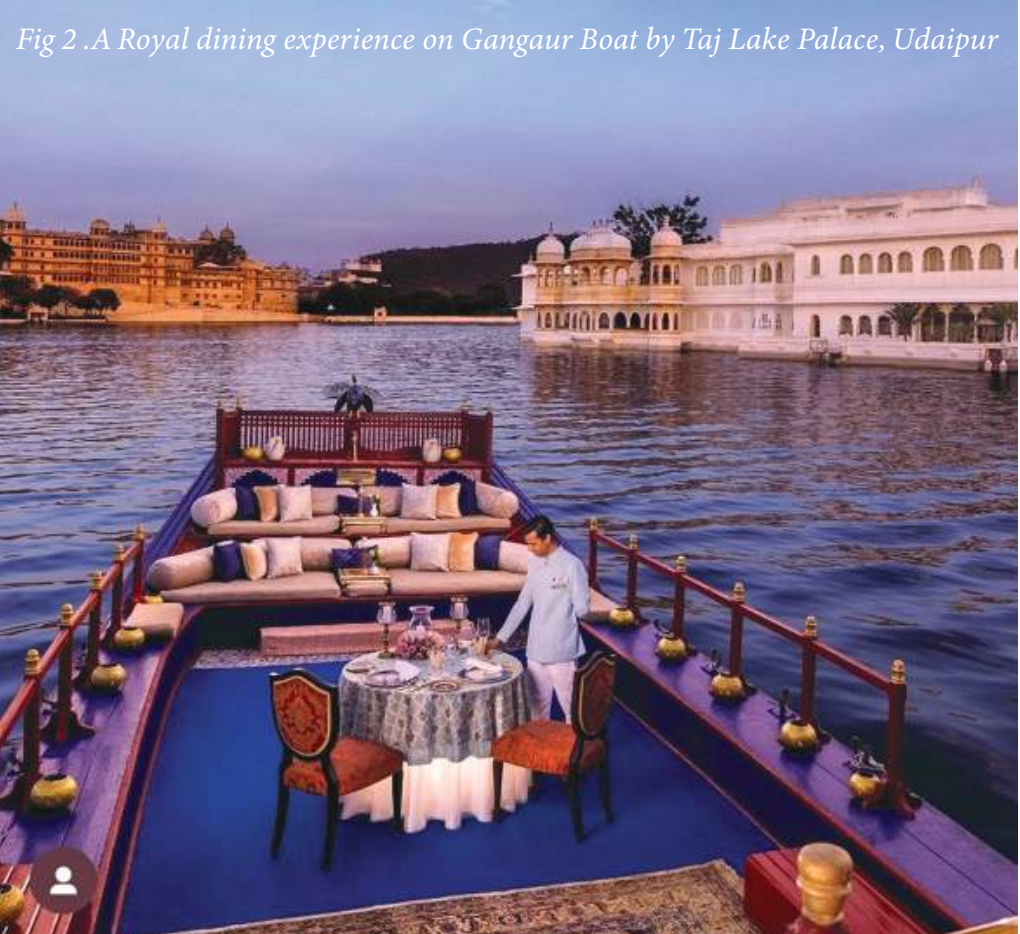


Fig 2 .A Royal dining experience on Gangaur Boat by Taj Lake Palace, Udaipur

DIOROYALE

Royal experiences reimagined by Dior

A concept similar to Dioriviera, which integrates Dior-branded royal dining experiences, could be seamlessly incorporated into The Taj Lake Palace’s dining offerings on the Gangaur Boat, as seen in *fig. 2* and The Taj Umaid Bhawan Palace’s Sunset Pavilion dining, as seen in *fig. 3*.

This could include pop-up events such as shopping by the pool and temporary Dior royal suites. By leveraging on the existing royal experiences provided by these hotels, this concept can justify the potential initiative to gain a foothold in heritage hotels of India.

Furthermore, Dior can expand the concept of Dioroyale to other heritage hotels across the country and heritage properties around the world.



Fig 3. Sunset Pavilion Dining at Umaid Bhawan Palace, Jodhpur