

Reinvention of Luxury: How Chanel and Dior Adapted to the Post-COVID Marketplace

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Abstract

The COVID-19 pandemic has significantly impacted the global luxury industry, making even the world's leading luxury brands rethink their marketing and branding strategies. To stay relevant and valuable, brands had to adapt rapidly to the damage done. This paper focuses on the leading luxury brands Chanel and Dior, and explores how they have adapted their strategies in response to the economic shock caused by the pandemic. The study has a comparative design, which analyses changes in both of the brands' pre vs. post-COVID (2019-2022) branding strategies, presence of digital campaigns, and consumer engagement. Findings show that Chanel reinforced the brand value through exclusivity via price signaling (increase in prices), focused digital interactions (app, heavy digital spend) to strengthen the luxury story, and physical store presence; whereas, Dior focused heavily on the global rebranding, localized heritage storytelling/cultural branding to bolster its brand value. However, these seemingly different strategies lead to the same outcome – digital intimacy with the consumer and signal scarcity. This paradoxical outcome is a result of a carefully navigated strategy to balance both accessibility and exclusivity in a period of uncertainty. We provide a broad framework (crisis to strategic adaptation via pricing, communication, and promotions to brand value) to understand the brands' response to external shocks. This paper contributes to the crisis-marketing and luxury-branding literature by analysing how luxury brand houses navigate the structural tension between accessibility and exclusivity in the post-COVID marketplace.

Keywords: Luxury Branding; Chanel; Dior; COVID-19; Digital Transformation; Exclusivity Paradox; Crisis Marketing; Digital Intimacy

Introduction

The COVID-19 pandemic began in late 2019, and its outbreak climaxed in 2020. Not only did it disrupt various industries all over the globe, but it also led to major economic consequences. COVID-19 led to the existence of short-term obstacles related to supply chains, health and safety, labour productivity, cash flow, sales, and consumer demand. Economies all across the world were pushed into a sudden recession, along with wage cuts, widespread layoffs, and even the permanent closure of businesses. Businesses across all sectors faced unforeseen challenges. For instance, in 2020, airlines cut down their workforce by approximately 90%. The automobile industry has shrunk by over 15%, accounting for a decrease of 15 million units from 2019 to 2020 [1]. Additionally, the global apparel industry's revenue declined by 15.2% in 2020 [2].

This is important because COVID-19 and the changes that it has had are not temporary shifts, but are changes that have transformed companies, consumer behavior, and the global marketplace as a whole. Furthermore, it matters because the pandemic, surprisingly, has even affected major luxury brands. This goes to show us that even though luxury brands are often perceived as stable, they are still affected by major events like COVID. The pandemic has posed a threat not just to global health but also to economies as well as people's daily lives. This disrupted the regular functioning of economies, industries, and consumers, and led to feelings of uncertainty, fear, and nervousness. Thus, it is essential to analyze the effects that COVID-19 has had on consumer behavior, firm strategies, as well as on various industries as a whole.

The case of the luxury market is interesting to study in the case of a crisis because of its unique features – positive elasticity and scarcity. Along with this, there was a shift in the marketplace dynamics: a big jump in digital adaptation and the rise of digital commerce. The luxury goods market was affected drastically; the luxury goods market contracted by ~60 Bn USD [3]. COVID-19 has shaken up some of the vital foundational factors of luxury brands, many of which may even be permanent. The imposition of nationwide lockdowns, quarantines, and various other factors has also negatively affected the efficiency of the luxury sector. The pandemic led to substantial changes in consumer behavior and also influenced worldwide spending patterns. The pandemic led to an increase in digital commerce. For instance, pre-COVID in 2019, e-commerce sales accounted for just about 11% of the total sales of the United States, and between 2020–2021 increased to about 14% of total retail sales, an increase of 32.4% over 2019 [4]. COVID also created impactful shifts in consumers' decisions on how, when, and where to buy goods [5]. Consumers changed their shopping habits, brand preferences, as well as the proportions of income that they chose to spend on different ranges of goods and services.

Amidst COVID-19, most consumers shifted their focus to prioritize daily essentials rather than other non-essential products. Spending on luxury goods decreased significantly to counter the economic downturn caused by COVID-19. On the other hand, the pandemic also accelerated the growth of online consumption. A study states that COVID-19 triggered a significant increase in online shopping, with a rise from 12% pre-COVID to 43% during COVID [6]. A study conducted by McKinsey stated that the transaction rate for online purchases rose by 17% during the pandemic, as compared to before the outbreak of COVID [7]. Several factors impacted consumer behavior, such as those relating to business strategy, external business factors, etc.

COVID-19 forced firms worldwide to rethink their business models, flow of operations, as well as their supply chains. Throughout the pandemic, firms faced significant drops in sales as well as production delays, and even logistical barriers, mainly due to the lockdowns and geographical restrictions. According to a 2024 survey, around 72% of firms faced disruption in their supply chains [8]. Firms were also given no choice but to prioritize online sales platforms as well. Those firms that quickly adapted their businesses to online channels or a hybrid channel were the ones that recovered more quickly.

Literature Review

The current research contributes to two main strands of literature: crisis marketing and luxury branding. Prior research often characterizes luxury brands as relatively stable and resilient, with strong symbolic capital that shields them from short-term shocks [9]. This view makes the present study particularly interesting, as it examines how the COVID-19 pandemic nevertheless transformed long-standing industry practices in the luxury sector. At the same time, a growing body of work has documented how COVID-19 disrupted multiple industries through supply-chain breakdowns, changes in consumer routines, and sharp demand fluctuations [10]. A dominant shift identified across this literature is the rapid move toward digital transformation, as firms accelerated their adoption of e-commerce, virtual engagement, and digital communication in response to physical restrictions [11]. Building on these insights, this study connects crisis marketing and luxury branding by examining how Chanel and Dior reconfigured their pricing strategies, channel structures, and brand communication following COVID-19, and what these changes reveal about the continuing tension between access and exclusivity in luxury markets.

COVID-19 led to the formation of a chaotic market, stalled growth, and worsening of economies, complemented by major changes in consumers' tastes and preferences. Thus, in order to deal with these changes, luxury brands had to adopt unique, logical, and well-planned strategies to help them survive during the pandemic [12]. One of the main strategies adopted by luxury brands during and after COVID-19 was digital transformation. During COVID, technology acted as a medium for communication between brands and consumers. Therefore, improving their digital platforms has helped luxury brands to provide their customers with the same immersive shopping experience that was attained in physical shopping. Many brands strengthened their digital presence by streaming shows online, launching apps, etc. Luxury brands also ensured to include sustainable and social practices in their marketing strategies, especially in response to consumer demand [13].

Theoretical Structure – Luxury Branding, Crisis, and Digital Transformation

Luxury brands create value primarily through symbolic attributes—scarcity, heritage, craftsmanship, and status—rather than functional performance alone. This symbolic orientation produces distinctive demand patterns, including positive price elasticity and Veblen effects, where higher prices can increase desirability by sharpening social distinction. Price is therefore not just a transactional variable in luxury markets; it is a signal of exclusivity and brand stature.

Crisis marketing research shows that major shocks such as the COVID-19 pandemic compel firms to adjust their pricing, channels, and communication strategies to protect demand and brand equity under uncertainty. In most categories, crises prompt price promotions and discounting. In contrast, luxury brands often adopt the opposite approach, using price increases and tightened control to reaffirm prestige, financial resilience, and long-term brand value.

At the same time, digital transformation has reconfigured how brands interact with consumers. Digital platforms expand reach and lower access costs, facilitating continuous engagement and “always-on” intimacy. For luxury brands, however, digitalization is double-edged: it enables new forms of storytelling and experiential contact but also risks undermining the distance and rarity that define luxury. This creates a structural tension between digital access and symbolic scarcity.

These dynamics can be synthesized into what this paper terms the exclusivity paradox: luxury brands must expand access enough to remain relevant and commercially viable, while preserving sufficient scarcity and distance to maintain their luxury status. The COVID-19 crisis intensified this paradox. On one hand, physical retail closures, travel restrictions, and altered consumer habits forced luxury brands into rapid digital expansion: e-commerce, livestreamed shows, social media formats, and virtual experiences. On the other hand, the same crisis heightened the need to protect brand aura, leading many houses to raise prices, double down on heritage, and carefully manage distribution.

In this view, the central strategic problem for luxury brands in the post-COVID marketplace is not whether to go digital, but how to structure access such that digital intimacy does not erode exclusivity. The paradox is managed through the configuration of three interrelated levers: pricing – as a mechanism of scarcity signaling and status reinforcement; channel architecture – balancing offline boutiques and online platforms to control who experiences the brand, where, and how; and brand communication – using heritage, narrative, and cultural cues to anchor meaning as access scales.

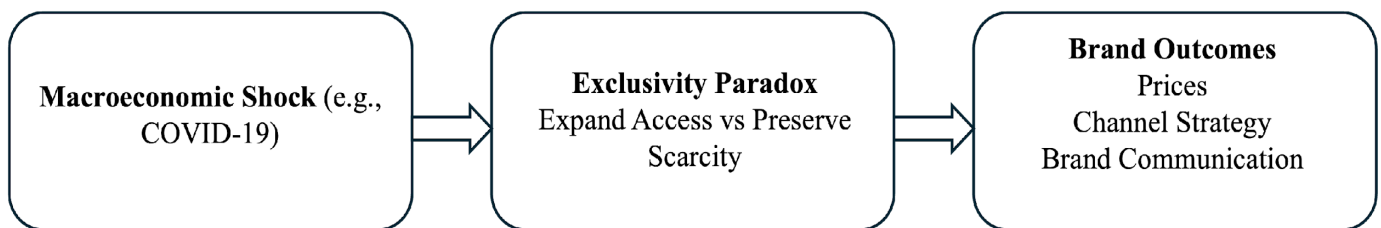


Figure 1: Theoretical Model

Methodology

This research study uses a comparative qualitative case study design to examine how two leading luxury brands, Chanel and Dior, adapted their marketing strategies in the event of COVID. This approach is considered appropriate as it allows for broader structured contrast across the brands with similar features and heterogeneity, while highlighting the variation in the brands’ responses using a shared external exogenous shock. This motivated us to select brands, Chanel and Dior, as they share similar heritage, scale, and competitive positioning in the industry. Both are French heritage luxury houses with global scale and recognition, and are at the premium end of the luxury fashion industry.

The period of the analysis is 2018–2025, covering the pre-COVID baseline (before 2020), during the disruption phase (2020), and the post-crisis phase (after 2021). The methodological claims are not causal, but rather a structure-driven pattern identification – linking firms’ actions to the conceptual structure of the exclusivity paradox through key levers of marketing strategies: price, channel architecture, and brand communication.

The study draws on three main data sources. First, secondary industry and firm data (for example, Statista, Bain) provide information on market contraction, revenue trends, advertising spend, and store expansion. Second, archived brand communication and channel data (campaigns, livestreams, executive interviews, social media initiatives) document how Chanel and Dior adjusted pricing, distribution, and storytelling

across offline and digital channels. Third, a pilot consumer survey (N = 35) captures retrospective pre-versus post-COVID perceptions of exclusivity, digital intimacy, and authenticity for both brands using 5-point Likert scales. This pilot is used as a directional check on whether the strategic shifts observed at the brand level are reflected in consumer perceptions.

The study emphasizes theoretical and interpretive validity rather than statistical generalization. The case analysis relies on publicly available financial and communication data, which may reflect curated brand narratives. The pilot survey is small (N = 35), non-representative, and uses retrospective pre-COVID measures, making the perceptual results directional rather than causal.

Analysis and Findings

The analysis proceeds in three steps. First, within-case analyses of Chanel and Dior trace how different elements of marketing strategy vary across the timeline (pre, during, and post COVID). Second, a cross-case comparison highlights the convergence and divergence of these firms' responses to the crisis. Third, these patterns are mapped onto the exclusivity paradox framework, asking how each brand reconfigures access and scarcity. The pilot survey results are then used to assess whether these strategic differences correspond to shifts in perceived digital intimacy, exclusivity, and authenticity.

Although the luxury industry has been perceived to be immune to crisis and uncertain circumstances, the COVID-19 pandemic has, in fact, drastically altered the functioning of the luxury sector. The coronavirus also interrupted the supply and demand of the luxury industry globally [14]. Major suppliers of personal luxury goods, like France and Italy, were blocked during the rise of the pandemic in 2020. For instance, after several years of double-digit growth, a major luxury brand, Chanel, faced a 4.3% fall in sales in 2024 post COVID [15]. Nonetheless, leading luxury brands like Chanel, YSL, etc., responded quickly and effectively to the impact made.

In 2020, various countries' economies were negatively impacted by the widespread pandemic. For example, the GDP of the United States dropped by 3.4% [16]. However, surprisingly, the global market for luxury goods declined by just 23% in 2020, and the industry was able to recover rapidly and impactfully [17]. A study conducted during the pandemic reported that there seemed to be a positive relationship between the pandemic and the demand for luxury fashion goods and services. This may have been an effect of an increase in the number of consumers switching from in-person shopping to online stores during COVID.

In response to the pandemic, various luxury brands made changes in their marketing and branding strategies. Marketing strategies have a strong influence on the way consumers behave, react, and engage with brands.

Chanel

French fashion house Chanel was founded by Gabrielle “Coco” Chanel in the year 1909 in the elegant city of Paris, France. What started as a medium for creating new styles, elegance, and chic fashion for women

soon turned into one of the most iconic, leading luxury brands of all time. Today, Chanel is a globally renowned luxury fashion brand that stands out for its distinctive style, exquisite craftsmanship, and most importantly, its impactful advertising strategies. It is one of the main luxury brands that reported remarkable results and performance even during the coronavirus pandemic. It did so by adopting its marketing and branding strategies quickly in response to the economic crisis caused by the pandemic. This not only allowed it to navigate economic disruption and ensure business continuity, but also allowed it to maintain its customer base and brand reputation.

Prices

Drastic decline in sales following the outbreak of COVID-19 led to major losses for luxury brands, including Chanel, while some were caused due to store closures, others due to pessimistic consumer outlooks [18]. Impaired international travel was also a major contributing factor. To compensate for these losses, in May 2020, Chanel globally increased prices of their iconic handbags and other small leather products by an aggressive 5–17% [19]. For instance, Chanel has increased prices for the classic flap bag aggressively since 2020, as suggested in the plot [20]. Pre-COVID and during early COVID, Chanel used the concept of “price hikes” to protect their profit margins [18, 19, 21]. However, post-COVID, after major consumer backlash and a 4% decline in sales in 2024, they are attempting to moderate the intensity of the price hikes [15, 18].

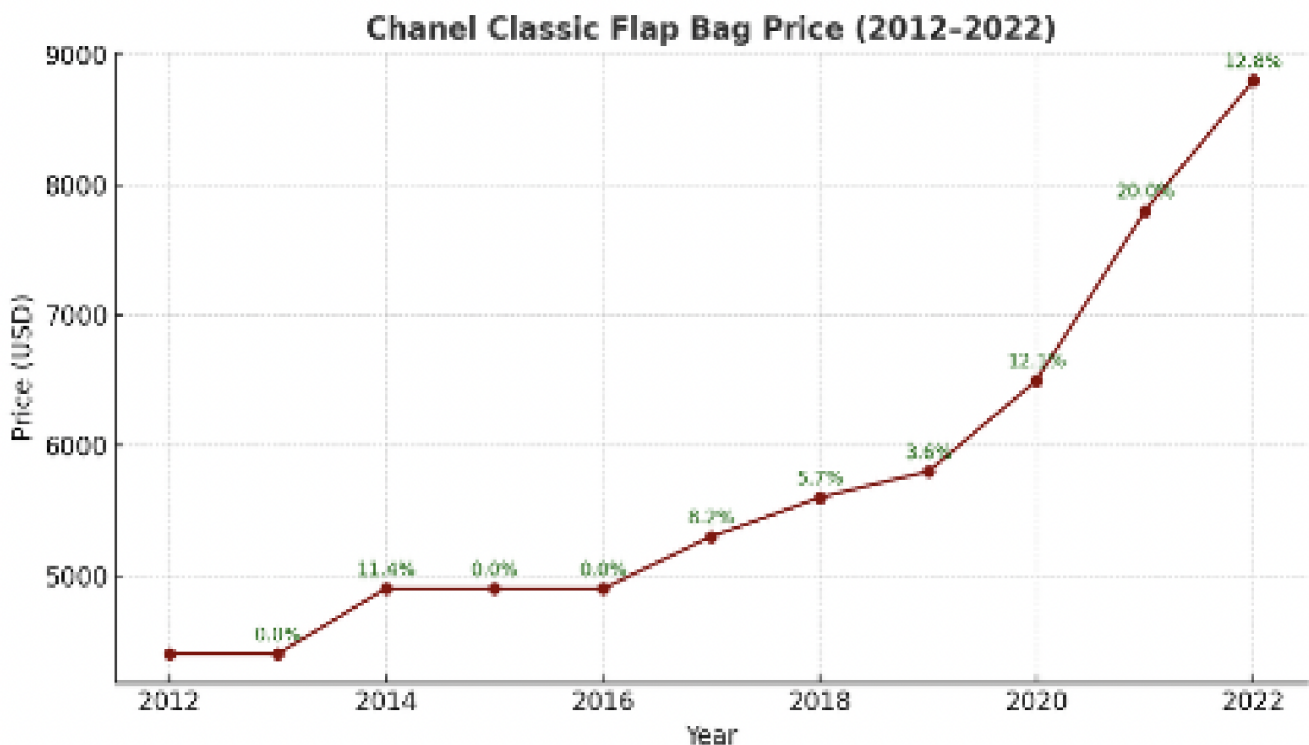


Figure 2: Chanel Classic Flap Bag Prices

Channel Strategy

In this section, we will explore how Chanel exploited the retail channel, both offline and digital, in response to the pandemic. Alongside the pricing strategies that aimed to preserve Chanel's position as an exclusive luxury brand, the brand also tweaked and redefined their promotional approaches and retail channels. Traditionally, most luxury brands are driven by a profit motive and aim to achieve economies of scale. To begin with, luxury brands usually adopt a simple logo that is recognizable as well as impactful. For instance, Chanel's double C logo has kept the brand relevant, and today, it serves as one of the brand's largest selling points. Apart from wealthy consumers, one of the luxury brand's main target audiences is irrational consumers. This refers to those consumers who make their purchasing decisions based on emotions and desires, rather than logic and financial practicality. Pre-COVID, Chanel focused more on physical retail, considering the fact that their exclusive physical boutiques were one of their primary channels for sales and growth of customer base.

Chanel's significant financial resources enabled the brand to reinforce their marketing and branding strategies during the pandemic. In 2021, despite a decline in sales, Chanel made a huge investment of 1.1 billion dollars [22]. This strategic investment was divided into two main areas. The initial phase of their investment concentrated on strengthening and enhancing their digital platform. They did so by launching their very own app that has forever transformed the way that they communicate and engage with their customers. The app had various unique tools, such as online concierge shopping services, a medium connecting current clients with fashion advisors, etc. Embracing and using these digital innovations allowed Chanel to navigate the obstacles and hardships caused by the pandemic while aligning with the tech-savvy generation. Other than these digital initiatives, to cope with the increased use of technology, Chanel also began emphasizing digital media platforms as a part of their marketing strategies. For example, in 2021, they launched "Chanel Connects", an online podcast-style campaign [23]. With the help of social media and other digital platforms, Chanel was able to expand their customer base, as well as maintain their brand presence even during lockdowns and restrictions on in-person shopping.

The second phase of their investment focused on improving and increasing the number of Chanel's physical boutiques. They aimed to enrich the luxurious in-store experience for customers once lockdown and other pandemic measures were lifted. They did so by opening branches of the brand in iconic cities like Los Angeles, London, Paris, etc. Chanel also increased their social media engagement significantly after and during COVID. In 2020, for example, they hosted "Stay Home with Chanel" concerts on Instagram with celebrities and influencers to interact with followers during the pandemic. Overall, by focusing on digital transformations to keep up with restrictions of the pandemic, launching striking online campaigns, and at the same time maintaining an interactive environment for customers both offline and online, Chanel adapted remarkably well and fast to the economic crisis caused by the pandemic, using strategic and innovative solutions.

Dior

While Chanel's tactical responses and strategic shifts create emphasis on the brand's commitment to exclusivity as well as brand heritage, Dior has also made unique branding and marketing transformations

that are just as impactful as those of Chanel. Christian Dior, more famously known as Dior, was founded in 1946 by revolutionary French fashion designer Christian Dior. Just like Chanel, Dior is another powerhouse French luxury brand that was deeply affected by the economic crisis caused by COVID-19. Similarly, it has navigated its way post-COVID by adapting its marketing and branding strategies accordingly to ensure relevance and maintain the brand's reputation.

Prices

Increasing prices of products has been a commonly used method by various luxury brands. Most luxury sector brands utilized this strategy during the pandemic to maintain exclusivity, catch up with rising costs of production, etc. Luxury goods are not necessities, and therefore have positive elastic demand. Additionally, according to the law of demand, as the price increases, quantity demanded falls. However, this was not necessarily the case for Dior. Lady Dior, one of Dior's most popular bags, remains a global icon even today. The price of the mini-Lady Dior bag was increased by around 17.65% throughout the entire period of the pandemic (2020–2022) [24]. A study shows that Dior's rate of increasing prices for its bags proved to be higher in 2020 than in 2021 [26]. On the contrary, even after significant increases in price for the Lady Dior handbags, Dior's financial reports showed an increase in total revenue [25, 26]. Consumers were less responsive to changes in the price of the Lady Dior bag. This may be due to the fact that there are only a few close substitutes for the Lady Dior handbag. Consumers are fascinated by the handbag and therefore choose not to shift to alternatives to substitute the relatively expensive Lady Dior handbag. Overall, Dior's handbag prices have increased consistently from 2021–2023, but revenue did not fall. This highlights that a price increase does not always translate to a decline in revenue.

Dior improved its pricing over the years. The price changes were minimal during the pre-COVID period (2015–2020), with less than a 10% increase in prices. But post-COVID, the price hike jumped to 13.5% in some regions, indicating that the firm used pricing as a way to boost both revenue as well as the brand's premiumness [27].

Channel Strategy

Dior used suitable strategies based on its brand identity in order to overcome the pandemic. For example, they stopped focusing on their logo and accessory lines and prioritized high-end product offerings, as well as maintaining their luxury status [28]. Pietro Beccari, ex-CEO and chairman of Christian Dior, stated that “We saw Covid coming and decided to accelerate, not decelerate. We came out of the pandemic stronger than the others because we had slightly more courage to do what other brands were not able, or did not want, to do” [29]. Dior was checked as a “standout” brand for 2020, that is, during the peak of the pandemic. They achieved double-digit growth in the second half of the year [30]. Dior made sure to use strategies that would help it maintain their reputation and exclusivity, especially during COVID-19. The biggest factor that helped Dior maintain its brand image was embracing and accelerating their digital platform, with novelty being central to all of its strategies. For instance, amidst COVID, they began to stream major fashion shows on various social media platforms like TikTok, YouTube, WeChat, etc., to maintain their customer base as well as increase their reach in times of isolation and no face-to-face shopping or shows, therefore combining both physical and digital elements. For example, Dior streamed

their Spring/Summer 2021 Ready-to-wear Paris fashion week show on TikTok, which alone generated a huge digital audience with about 27 million views [31]. Dior also became the first leading luxury fashion house to launch on the Chinese video platform Bilibili, where it live-streamed its Cruise 2021 show from Lecce, Puglia, in July 2020.

Furthermore, during COVID, innovation and inspiration were extremely crucial factors, and Dior showcased both of these when mending their marketing and branding strategies. Today, Dior is rated as one of the leading luxury brands for performance on digital media platforms like YouTube, TikTok, Google, etc.

One of Christian Dior's most iconic collections is the couture collection. Hence, even during the pandemic, rather than putting a hold on it, they released a "miniature" haute couture collection. Not only that, but they also adopted AR try-on tools and, till today, continue to invest in them post-pandemic. Post-COVID, Dior has also been emphasizing sustainability and blending it into its makeup/beauty line.

Offline Stores

Table 1: Brand boutiques by year

Brand	Year	Boutique Count
Chanel	2017	~310 boutiques
Chanel	2023	~600 boutiques
Dior	2017	~200 stores
Dior	2024	280 boutiques

We can see that Dior did not focus on the offline channel expansion globally, whereas Chanel almost doubled its store count in six years [32, 33, 34, 35].

Pilot Study

To complement the qualitative case analysis of Chanel and Dior, a pilot survey was conducted to empirically examine whether consumer perceptions of exclusivity, digital intimacy, and authenticity shifted following COVID-19, and to assess how these perceptions relate to purchase intent in the post-pandemic period. The pilot primarily serves as an instrument validation and directional test of the theoretical mechanisms proposed in this study.

Sample characteristics: after quality screening, the final sample included 35 respondents. Participants were primarily from India and the U.S./Canada, with smaller representation from Europe and Southeast Asia. The sample skewed young (18–44) and predominantly female, consistent with luxury accessories consumption. Familiarity was higher for Dior than Chanel, though both brands supported a valid within-subject comparison.

Table 2: Pilot study: Pre vs Post COVID perceptions t-test

Brand	Construct	Mean Δ (Pre – Post)	p-value	Interpretation
Chanel	Exclusivity	+0.18	0.58	Not significant
Chanel	Digital Intimacy	+0.06	0.86	Not significant
Chanel	Authenticity	+0.06	0.79	Not significant
Dior	Exclusivity	+0.11	0.62	Not significant
Dior	Digital Intimacy	0.67	0.01**	Significant increase post-COVID
Dior	Authenticity	+0.01	0.95	Not significant

There is no statistically significant perceptual shift in exclusivity, digital intimacy, or authenticity for Chanel following COVID. Consumer perceptions of Chanel are structurally stable across the pandemic. Only digital intimacy increases significantly post-COVID, by approximately two-thirds of a scale point, while exclusivity and authenticity remain unchanged. This provides direct quantitative evidence of Dior’s successful digital transformation.

The asymmetric pre–post patterns across Chanel and Dior reflect two distinct crisis-response equilibria. For Chanel, the absence of statistically significant change across exclusivity, digital intimacy, and authenticity indicates a strategy of symbolic continuity. Consumer perceptions of Chanel appear to be structurally insulated from pandemic-induced disruption, consistent with a high-control branding model that prioritizes heritage preservation and controlled access over visible digital expansion.

In contrast, Dior exhibits a statistically significant increase in digital intimacy post-COVID, while exclusivity and authenticity remain invariant. This pattern indicates a successful re-optimization of the access–scarcity trade-off, whereby Dior expanded digital engagement without triggering perceptual dilution. The magnitude of the digital intimacy shift, approximately two-thirds of a scale point, is economically meaningful and consistent with Dior’s aggressive post-pandemic digital strategy.

Together, these results provide direct empirical support for the exclusivity paradox: luxury brands can expand access without eroding symbolic scarcity, provided that cultural meaning remains effectively anchored. Chanel resolves the paradox through controlled distance, while Dior resolves it through cultural scalability. Both strategies sustain prestige, but through structurally distinct configurations of access and symbolic control.

This pilot study is subject to several important limitations. The sample size is small (N = 35), limiting statistical power and external validity. All pre-COVID measures are reconstructed retrospectively, introducing potential recall bias. The sample is non-random and skewed toward younger, digitally engaged consumers, which may overstate digital intimacy effects. Accordingly, these findings should be interpreted as directional and theory-consistent, rather than as definitive causal estimates. A larger, probability-based sample is required to test the generalizability of these perceptual shifts formally.

Brand Communications Comparison

The following are the three types of perspectives from which this subsection explores different marketing strategies: social media content, influencer, and public relations.

Social media content: Dior focused on live streams, digital fashion shows, etc., to stay relevant during COVID, while Chanel concentrated on strengthening their campaigns by using a cinematic, storytelling-like approach.

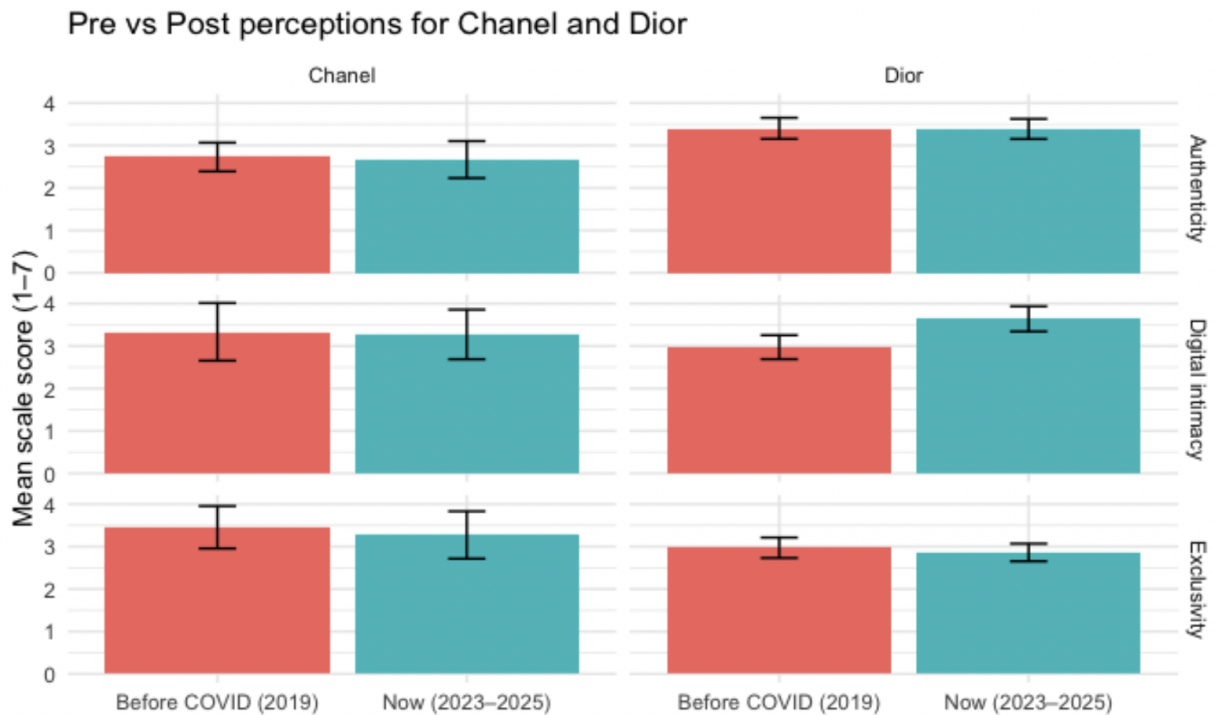


Figure 3: Pilot study pre- vs. post- COVID perception shifts

Influencer: Chanel collaborated more with mainstream celebrities, whereas Dior began collaborating with social media influencers, especially after the rise of COVID-19.

Public relations: Dior emphasized more on heritage storytelling and showing off their craftsmanship, while Chanel focused more on visibility and a higher reach.

Table 3: Brand communications comparison: Type, platform, objective, and actions

Type	Platform	Objective	What did Chanel do?	What did Dior do?
Social media content	Instagram, YouTube, TikTok	Increase brand awareness, sales, loyalty, and engagement	Cinematic, storytelling campaigns across platforms (e.g., 2017 Gabrielle bag launch with narrative films)	Story-driven campaigns; streamed shows on social media and strengthened digital platforms post-COVID
Influencer	Instagram, YouTube	Build community, generate unique and authentic content, create thought leadership	Used high-profile ambassadors such as Lily-Rose Depp and Kristen Stewart (e.g., Chanel No. 5 L'eau)	Collaborated with celebrities like Jennifer Lawrence and, post-COVID, more digital creators and influencers
PR	Magazines, interviews, events	Build reputation, increase trust and credibility, educate the public, influence consumer attitudes	Used magazine covers, red-carpet editorials, and high-visibility events to communicate launches	Emphasized craftsmanship and cultural appreciation through major publications and feature stories

Comparative Insights and Discussion

Table 4: Comparative insights across key dimensions

Dimension	Chanel	Dior	Comparative Insights
Pricing	Increased prices	Increased prices	Both used price hikes to maintain exclusivity and protect margins.
Brand Communication	Emphasis on emotional storytelling and heritage	Emphasis on craftsmanship and narrative-driven, inclusive, and visual campaigns	Both focused on maintaining luxury status, but with different emphases and narratives.
Offline	Aggressive investment in offline boutiques	Marginal increase in offline boutiques	Chanel expanded physical presence; Dior prioritized digital channels instead.
Digital	New Chanel App; aggressive but selective digital marketing investments	Strong digital presence; streamed runway shows on TikTok, YouTube, and first luxury brand on Bilibili	Dior embraced digital expansion more aggressively; Chanel remained more cautious to protect exclusivity.

This paper examined how two leading luxury houses, Chanel and Dior, adapted their pricing, channel, and communication strategies in response to the COVID-19 crisis, and how these adaptations relate to the broader “exclusivity paradox” in luxury branding. Drawing on secondary data, brand communications, and a small pilot survey, the analysis shows that both brands preserved their core luxury positioning while adopting markedly different strategic pathways in the post-COVID marketplace.

First, the case evidence confirms that the pandemic acted as a strong external shock that disrupted supply chains, travel, and discretionary consumption, yet did not fundamentally destabilize the luxury sector. Both Chanel and Dior used price increases on iconic products during and after COVID-19 as a way to protect margins and reinforce scarcity. In both cases, higher prices did not lead to a collapse in demand;

if anything, price hikes operated as prestige signals and helped sustain brand value in a context of uncertainty. This is consistent with the notion of positive price elasticity and Veblen effects in luxury markets and highlights the centrality of pricing as a symbolic rather than purely transactional lever.

Second, the brands diverged sharply in their channel and communication strategies. Chanel followed what can be characterized as a “controlled distance” model: heavy investment in physical boutiques, a proprietary app, selective digital initiatives, and carefully curated campaigns that reinforced heritage, elegance, and timelessness. Dior, by contrast, pursued a “cultural scalability” model, embracing livestreamed runway shows, platform diversification (for example, TikTok, Bilibili), digital experimentation (for example, AR try-ons), and visually rich campaigns set in culturally resonant locations such as Udaipur. Whereas Chanel used digital tools to support an already exclusive ecosystem, Dior used digital platforms to scale its cultural storytelling and reach new audiences without resorting to mass-market tactics.

The pilot survey offers consumer-level support for this comparative narrative. Perceptions of exclusivity and authenticity remain statistically invariant pre- versus post-COVID for both houses, suggesting that the core symbolic foundations of luxury can be preserved even under substantial environmental disruption. However, perceived digital intimacy increases significantly only for Dior, while remaining unchanged for Chanel. This asymmetry is consistent with the case analysis: Dior’s aggressive digitalization translated into a perceptible shift in how close and accessible the brand feels to consumers, whereas Chanel’s more cautious digital engagement preserved greater symbolic distance.

Taken together, these findings illuminate the exclusivity paradox: luxury brands must balance accessibility and scarcity to remain both relevant and rare. The results suggest that this paradox does not have a single optimal resolution. Instead, Chanel and Dior represent two distinct equilibrium strategies. Chanel resolves the paradox through controlled distance – tightening physical and symbolic control while adopting digital tools selectively. Dior resolves it through cultural scalability – expanding digital access and visibility but anchoring the brand in craftsmanship, narrative, and heritage to prevent dilution. In both cases, exclusivity is preserved not by avoiding change, but by structuring change so that increased access does not undermine the brand’s symbolic core.

Conclusion

This paper investigated how Chanel and Dior, two of the world’s most influential luxury brands, adapted to the COVID-19 crisis and how their strategies illuminate the broader exclusivity paradox in luxury branding. The analysis shows that despite severe disruption to global retail, travel, and consumer spending, both brands preserved their core luxury positioning while adopting distinct configurations of pricing, channels, and communication.

Chanel responded with a strategy of symbolic continuity and controlled distance: substantial price increases, expanded boutique networks, and selective digital engagement designed to protect heritage and maintain a carefully curated aura. Dior pursued cultural scalability: using digital platforms, livestreamed fashion shows, and globally resonant campaigns to expand its cultural reach and deepen digital intimacy,

while still upholding exclusivity and authenticity. The pilot survey findings—stable perceptions of exclusivity and authenticity for both brands, but a significant post-COVID increase in Dior’s digital intimacy—are consistent with these divergent pathways.

The central conclusion is that the tension between access and scarcity is not resolved by avoiding digitalization or by opening the brand indiscriminately. Instead, luxury brands can maintain exclusivity by structuring access through pricing, channel architecture, and cultural communication in ways that preserve their symbolic core. Chanel and Dior exemplify two different, but equally viable, post-COVID equilibria: one emphasizing controlled distance, the other emphasizing culturally anchored digital reach. By linking crisis marketing, luxury branding, and digital transformation through the lens of the exclusivity paradox, this study offers a conceptual and empirical starting point for understanding how high-end brands can adapt to external shocks without sacrificing their defining characteristics. Further research with broader samples and additional brands can refine, challenge, or extend these insights, but the core message remains: in luxury markets, resilience in the face of crisis depends not only on operational agility, but on how firms reconfigure access while safeguarding the scarcity and meaning that make them luxurious in the first place.

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