

Improving the Business Model of Darry Ring Market

Suxi Ma^{1,a,*}

¹Business Administration, SHANGHAI JIAN QIAO University, Shanghai, 200000, China

a. b20160905220@stu.ccsu.edu.cn

*corresponding author

Abstract: Darry Ring's distinctive brand concept helped it become the public's favorite and choice during the epidemic period, and sales did not fall but climbed. However, in the late stages of the epidemic, because of the trailing effect of the new crown epidemic, which resulted in an extraordinary fall in Darry Ring sales, the brand stores struggled to operate, and several were forced to close. This study sought to investigate how Darry Ring's strategic model could be modified to better react to the market in the late phases of the new crown epidemic. The Darry Ring will be used as a case study to conduct a thorough investigation of its post-epidemic sales fall, as well as its financial reports, post-epidemic employment data, marriage rate data from recent years, and other information. Due to the increasing number of branded diamond rings in the same category, it is recommended that Darry Ring implement a price reduction plan and provide additional value-added services in the future. In response to the fall in demand for diamond rings caused by the marriage rate, it is advised to focus on their unique traits while expanding into overseas markets. Finally, in response to the drop in sales caused by a lack of brand trust, it is proposed that the brand's credibility and image be reestablished.

Keywords: Brands in the same category, Marriage rates, Brand trust, Darry Ring

1. Introduction

1.1. Research Background

From 2019 to 2021, the spread of COVID-19 has brought great changes and impacts on people's lives. It has also led to shutdowns and layoffs in many businesses, leaving a large number of people out of work. Rising unemployment means more people are facing economic hardship, with their incomes drastically reduced or even interrupted altogether. In this situation, people no longer have enough money to buy non-essential items as they are more focused on meeting basic life needs such as food, housing, and medical care. In the face of the spread of the epidemic and the economic recession, people are generally worried, and they are more inclined to save and retrench in response to possible economic uncertainty. This has also had a big impact on the wedding market. During the COVID-19 pandemic, many people were forced to cancel or postpone weddings or opt for smaller weddings. Considerable ambiguity exists over the decision to hold a wedding and its timing. The demand for luxury wedding products such as diamond rings has decreased due to a shift in consumer sentiments resulting from the pandemic. When selecting a diamond ring, individuals may prioritize its functionality and worth over merely seeking a well-known brand and attractive appearance.

Nevertheless, diamond rings continue to be the preferred option for wedding bands in major cities. Amidst the COVID-19 pandemic, Darry Ring successfully relied on its robust internet marketing platform and online sales channels, resulting in a consistent increase in sales. Nevertheless, in the aftermath of the COVID-19 pandemic, sales experienced a sharp decline, leading to the closure of numerous establishments.

Darry Ring is a Chinese diamond ring brand founded in Shenzhen in 2010, registered in Hong Kong in 2012, with the brand concept of "only one person in a lifetime," and is loved by the wedding crowd. In the final stages of the epidemic, the economy had an impact on residents' real income and consumer spending. The International Labor Organization (ILO), which released World Employment and Social Prospects: Trends to 2022 on December 17, forecasts that there will be 207 million unemployed people worldwide in 2022. In 2022, the global labor force participation rate is projected to be 1.2 percentage points lower than it was in 2019 [1]. However, Darry Ring sales increased during the epidemic, but after the epidemic, store consumption plummeted, resulting in the closure of some stores, and total revenue continued to decline.

The brand Darry Ring, which enjoys significant recognition in China, has been the subject of extensive examination by numerous scholars. Ying Lai selected Darry Ring as the subject of research and examined the brand's marketing strategy utilizing the long tail hypothesis [2]. Xiong and Chen selected Darry Ring as the subject of their research in order to examine its marketing model within the context of SoLoMo [3]. Yao and his colleagues selected diamond rings as the subject of their research to examine the phenomenon of diamond rings being the preferred choice for wedding rings in major cities, focusing on the perspective of consumer decision-making [4].

1.2. Research Gap

Despite the abundance of research on Darry Ring, there remains a gap in our understanding of how the post-epidemic era has altered the sales lag of Darry Ring. Consequently, post-epidemic, what modifications should be made to Darry Ring's strategic strategy to enhance its market adaptability? What is the time delay in the impact of the epidemic on China's diamond ring market? The COVID-19 pandemic has caused significant disruptions and transformations in the global economy and several sectors, including the jewelry business. Darry Ring, a sales channel and brand specializing in diamond rings, encounters shift in market demand and adaptations in consumer behavior. In order to mitigate the negative impact of the COVID-19 pandemic and boost sales for Darry Ring, the company will strive to maintain its dominant position in China's wedding ring market. This research holds immense importance for the future advancement of Darry Ring.

1.3. Fill The Gap

In order to make up for the research gap in this area. To work out the question, "After the epidemic, how should the strategic model of Darry Ring be adjusted to better adapt to the market?". This article will take Darry Ring as a case study to analyze the reasons for its sales decline and store closures resulting. Suggestions are also given according to the reasons so that Darry Ring can quickly adjust the business model to avoid the adverse impact of the lag of the epidemic impact again.

2. Case Description

According to Di' a Co., Ltd., Darry Ring is the world's first diamond ring brand (based on sales volume in 2020–2022). When the organization first debuted, it developed a global unified romantic rule: men can only customize one ID card for the rest of their lives, implying that "life is true love." Darry Ring is in charge of the brand mission of "helping more people express love, making love happy for a long time," as well as the grand brand vision of being "the leader of global true love

culture." Darry Ring has been dedicated to sharing and witnessing the global genuine love story since its inception, encouraging everyone to have the courage to pursue true love and displaying the brand image of passionate love, fashion, and honesty around the globe. DR provides customers with diamond ring customization services, conducts jewelry research and development in collaboration with internationally renowned jewelry designers, creates work that expresses true love from a global perspective, and sells it via online official websites, third-party sales platforms, and offline direct experience stores, all with the "asset-light" business operation mode of user demand as the core and brand orientation. Darry rings are only presented to one person throughout their lives. The Darry Rings are supposed to symbolize a genuine love pledge to "love one person in a lifetime." Only members who have purchased Darry Rings as a romantic continuation of "life only true love" and other jewelry are eligible to purchase Darry Rings as a romantic continuation of "life only true love."

The Darry Ring was displayed at the Louvre Museum in Paris in October 2018. According to Frost Sullivan, DR Engagement Ring's business revenue in 2022 would be 2.902-billion-yuan, accounting for roughly 80% of its total income. DR's annual income from wedding rings reached 714 million yuan at the same time. During the epidemic period of 2019 to 2021, Darry Ring's total revenue did not fall but climbed, reaching 4.62 billion yuan in 2021 [5]. Di' a Co., Ltd. debuted on the stock exchange on December 15, 2021. Following the pandemic in 2022, DR's yearly operational revenue fell to 3.68 billion yuan, a -20.36% increase [6]. Darry Ring's main firm, Di 'a Co., LTD, issued a semi-annual report in 2023, revealing that revenue was 1.42 billion yuan, down 40.45%, and net profit was 53.4111 million yuan, down more than 90% [7]. By 2023, income from directly operated stores had declined by 56.41% from the previous year, while sales from associated stores had decreased by 51.56% [6]. Di' a Co., Ltd. closed 27 outlets in the first half of the year during the reporting period [6]. In response to the Shenzhen Stock Exchange's letter of concern in late July 2023, it was reported that the average revenue of all stores plummeted 56.03% to 1,629,400 yuan [6] in the first half of this year.

3. Analysis on Problems

3.1. Reason on Increase in Brands of The Same Type

The rise in the number of competing brands within the same category is a contributing factor to the reduction in sales of Darry Ring. In recent years, the domestic diamond ring market has been expanding. More and more brands began to enter the diamond ring market, not only foreign brands but also the existence of numerous domestic niche brands to join. At the same time, consumers have more choices about the brand of the diamond ring, valuing the uniqueness of its style more than the meaning that the brand itself carries. In China, diamond rings are not as popular as they are abroad, and most people don't even wear them in their daily lives. That's why many newlyweds prefer to buy a pair of rings or gold, resulting in a declining market share for Darry Ring.

Several studies have demonstrated that in instances where the supply of goods in the market surpasses the demand, the market becomes saturated. Consequently, merchants may encounter a significant accumulation of items in their warehouses that cannot be sold or can only be partially sold [8]. Zhen has provided an illustration of this finding [8]. The diamond ring market is also subject to this phenomenon, where the level of rivalry in the market has a substantial influence on jewelry sales. Due to the oversaturation of the market from the proliferation of similar brands, the Darry Ring has seen a decline in sales. As competition in the jewelry business intensifies, people are less inclined to buy jewelry due to increased options and the ability to find more affordable products.

3.2. Reason on Marriage Rates

Darry Ring is also problematic because of the declining marriage rate. Refer to data on marriage rates in recent years. Chinese marriage data began to fall in 2014, and in 2021, falling below the 8 million pairs mark. According to the National Statistical Office (NSO), there has been a general decline in marriage rates globally following the New Crown epidemic. Due to the economic instability and uncertainty caused by the pandemic, many people have postponed their plans to get married.

In addition, closures and restrictions during the pandemic limited the size and timing of weddings, further affecting marriage rates. There are fewer weddings now, and only close family and friends may attend. This situation may reduce the demand for DR diamond rings, and smaller weddings may reduce the demand for expensive jewelry. Marriage rates have been found to have a significant impact on the sales of diamond rings. A study by Engelhardt and Gruber noted that during periods of economic instability, marriage rates decline, which affects the demand in the diamond ring market [9]. Eventually, Darry Ring, as a member of the market, suffered as a result, with diamond ring sales declining.

3.3. Reason on Brand Trust

Furthermore, the factor of brand trust is accountable for this. The decrease in consumer confidence has led to harm to the company's reputation and a decrease in revenues. Darry Ring has consistently upheld the principle of "one for one" and has frequently utilized it as the foundation of its marketing initiatives. Nevertheless, as a result of a series of regrettable incidents, Darry Ring has recently received public and media attention. There have been instances of misleading advertising for Darry Ring where erroneous information regarding the quality and origin of the diamonds has been reported. Consequently, there has been a substantial decrease in consumer confidence in Darry Ring, resulting in harm to the brand's reputation and a subsequent reduction in sales.

The level of confidence consumers has in a brand directly impacts the sales of its products. Confirmed in 2020, Silva and Jayalath. making equations to examine them and examining pertinent survey data enable this [10]. The study highlights the significance of brand image in the process of attracting and retaining loyal customers to brands [10].

4. Suggestion

4.1. Suggestion on Increase in Brands of The Same Type

Darry Ring is facing multiple challenges. It is recommended that Darry Ring adopt a strategy of lowering prices and providing additional services to enhance its value proposition in the future. Price reductions are a common sales strategy employed to entice a larger consumer base and boost sales. Darry Ring can enhance its competitive edge by reducing the price of its products, thereby appealing to budget-conscious customers in the market. Moreover, reductions in price could enhance consumers' inclination to make purchases, as they would have the opportunity to acquire superior products at a reduced cost. Additionally, it provides supplementary services that enhance its value. Value-added services let clients perceive the further value and advantages of acquiring Darry Ring, hence enhancing satisfaction and loyalty. Tailored design, individualized engraving, a chronicle of their love journey, and other considerate actions can enhance their sense of being cherished and adored. Amazon has established a strong position in the business by reducing prices and offering additional services that enhance value for customers. Amazon entices a substantial clientele through the provision of value-added amenities, like expedited and complimentary shipping, diverse payment options, and lenient return and exchange policies. In addition, Amazon increased its sales by reducing prices with the intention of instigating a price competition with its rivals.

4.2. Suggestion on Marriage Rates

According to the analysis in the aspect that the marriage rate leads to a decrease in demand. This research suggests that Darry Ring should set its unique characteristics and, at the same time, open the foreign market. This can be realized through innovative design, material selection, and process technology. Darry Ring can collaborate with renowned designers to introduce unique design styles to attract consumers. In addition, Darry Ring can also choose unique materials, such as rare gemstones or materials with special significance, to create distinctive diamond rings to further attract consumers' attention.

Many firms have employed this business strategy with great outcomes. Tiffany & Co., for example, has managed to stand out in a competitive market with its unique design and brand narrative. The blue gift box and classic six-pronged inlay design have become the brand's distinguishing features, appealing to a wide spectrum of consumers. Furthermore, Tiffany & Co. has partnered with designers on a number of high-profile lines, including the Elsa Peretti Collection and the Paloma Picasso Collection, enhancing its distinctiveness. Darry Ring might contemplate expanding into other markets to locate new sales prospects because of its enormous sales size. Foreign markets frequently offer a larger consumer base and greater purchasing power, which can lead to additional sales chances for Darry Ring. For example, Pandora has had remarkable success by aggressively expanding into foreign markets.

4.3. Suggestion on Brand Trust

According to the issue of brand trust, this thesis suggests that Darry Ring should re-establish its trust and brand image. Firstly, Darry Ring can enhance transparency by providing consumers with more information about the source of diamonds, processing, and quality certification. Secondly, Darry Ring can work with authoritative organizations such as the International Diamond Exchange (IDEX) and the International Diamond Appraisal Institute (IGI) to obtain relevant certifications and qualifications. In addition, Darry Ring can enhance its brand image through customer word-of-mouth and reviews to increase consumer trust.

In terms of enhancing the brand trust, Darry Ring can learn from Cartier's successful experience. Cartier has achieved success through this method. Its strict quality standards and excellent customer service have won the trust of consumers. Cartier has partnered with the IGI to provide professional certification and appraisal of its diamonds. In addition, Cartier maintains close contact with consumers and builds excellent customer relations by responding to their questions and needs. These measures have helped Cartier win the trust of consumers and become a highly respected jewelry brand.

5. Conclusion

The COVID-19 pandemic's effects on the diamond ring market, particularly Darry Ring, have been significant. The reduction in sales of diamond rings can be attributed to a decrease in people's income and consumer expenditure, together with the uncertainty and economic instability caused by the pandemic. Furthermore, the surge of comparable brands, declining marriage rates, and diminished brand confidence as a result of the pandemic had an additional negative effect on Darry Ring sales. Consequently, the article undertakes an examination of Darry Ring's business model to determine the necessary modifications to its strategic model in order to more effectively respond to market conditions during the later phases of the epidemic. This paper provides guidance to diamond companies on mitigating the delayed effects of the new crown epidemic in the later stages, enhancing sales, and maximizing profitability. Nevertheless, the current analysis has some shortcomings, including the omission of the impact of sales research thinking on the company's profitability during the late pandemic, which has not been accounted for. Future research will focus on examining the

effects of the company's listing on its own operations and whether the listing has an impact on consumers' trust in the company in order to address the limitations of the current study. This comprehensive analysis aims to better understand the factors contributing to the decline in Darry Ring sales during the later stages of the epidemic.

References

- [1] Switzerland International Labor Organization. (2023) *World Employment and Social Prospects 2022 trends*. Economic Science Press. Beijing.
- [2] Lai Y. (2021). *Research on Brand Marketing Strategy from the perspective of Long Tail Theory -- taking DR Diamond Ring as an example* [J]. *Brand Research*, (22):52-54.
- [3] Xiong, Y, Chen, J. (2016). *Jewelry brand marketing model under the background of SoLoMo: A case study of Dairui Jewelry Weibo marketing* [J]. *Gems and Gemological magazine*, 18 (6): 8.
- [4] Yao, S.Y, Liu, Y, Zhou, W.W. (2022). *The phenomenon of diamond rings as the "first choice" for wedding rings in first-tier cities from the perspective of consumption decision* [J]. *Chinese Science and Technology Journal Database (full-text edition) Social Sciences*, (8):3.
- [5] Darry Ring. (2022, 2023). Retrieved from <http://investors.darryringgroup.com>
- [6] Beijing Business Today. (2023). *DR diamond ring parent company DIA's H1 net profit is down 90.77% year-on-year*. Retrieved from <https://top.chinaz.com>
- [7] Daily Economic News. (2023). *DR diamond ring "can only be customized once in a lifetime" is not selling? 27 stores closed in half a year, average store revenue fell 56%*. Retrieved from <https://cn.dailyeconomic.com>
- [8] Hen, M.Y. (2021). *"Overall Market Supply Exceeds Demand, Hog Prices Continue to Fall Across the Board."* *Swine Science* 38.5:2.
- [9] Engelhardt, G. V., & Gruber, J. W. (2004). *Diamond Engagement Ring Sales and Marriage Rate: An Empirical Analysis*. *Journal of Family and Economic Issues*, 25(2), 143-158.
- [10] Silva, K. C., De, A. A. L., Madhushani, and Jayalath S. D. S. (2020) *The Impact of Brand Loyalty on Customer Purchase Intention: An Empirical Study on Basketball Shoe Brands of Adidas, Nike and Puma in Asia*