

The Marketing Strategy and Story for CHANEL

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Abstract

This article will focus on the main cultural strategies of luxury brands. For example, how luxury brands will use the marketing mix and how to improve the current ineffective strategy of luxury brands. This will provide current analysis and improvement methods for product, pricing, placement, and promotion strategies. The article will use Chanel as an example to discuss the point of view since Chanel is a world-renowned luxury brand. The paper will demonstrate how Chanel uses these marketing techniques to recruit target customers and also provides suggestions for Chanel's marketing.

Keywords: Chanel, History, marketing mix

1. Introduction

Today, luxury brands are increasingly contributing to the whole GDP in many countries, which enlarges the people's expenditure level in an evident trend.

There is a fact that youngsters may want to exhibit their value and status in the community. So the simplest way to manifest social class is to show their wealth. The luxurious life and wearing expensive costumes or jewelry can display it swiftly in some people's view. Thus, to expose customers' views, numerous luxury brands create promotion strategies to satisfy consumer needs. Chanel is one of the major luxury brands in today's society. This article will use Chanel as an example to analyze the market strategy of luxury brands. In this paper, several strategies of Chanel are listed. It mainly discussed how to change the customer's preference for Chanel, why people want to choose Chanel when they have many options, and how to build a successful brand position. After these questions, strategies of Chanel to increase sales can be exposed.

This paper will analyze Chanel, analyze the secret of Chanel's success, make contributions by providing a reference for understanding Chanel, and provide suggestions for revising Chanel's strategy.

2. Story and History

Gabrielle Chanel founded the House of Chanel in 1909 (Chcom, 2020), which is now worth \$3 trillion and contributes 2% of the world's GDP. (Bharath, 2022) Chanel was born into poverty in the rural areas of Francy; her father abandoned her at an orphanage when her mother passed away. Chanel worked as a café singer for a few years after a brief stint as a shopgirl. Later, she developed relationships with a few affluent men. In 1913, with financial support from one of them, Arthur Capel, she founded a small hat shop in Deauville, France, where she

also offered basic clothing, including jersey jumpers(Coco Chanel, 2023). The early funding for Coco Chanel's company also came from Arthur "Boy" Capel. He assisted Coco in opening her own business in Paris. This expanded her company beyond headwear to sportswear and other women's clothing. (Bharath, 2022) In 1909, Coco Chanel began making headwear under "Chanel Modes" and entered the fashion world. Her modest and exquisite sense of style won over many ladies who still had strong ties to the conventional clothing of the time. When French actress Gabrielle Dorziat posed for her headwear, it was her big break. Chanel uses men's underwear fabrics to create its clothing. She made an unconventional decision because of the high price and lack of materials, which led to a softer design that prioritizes basic comfort. At the same time, more individuals from the higher classes prefer it. (Rabiah, 2021)

This interview showed that most wealthy, middle, or needy people desired to follow the current fashion trend. So how, using people's this unconscious minds would be an opportunity for Coco Chanel to advertise the brand widely on the public horizon. Also, the appropriate innovation could allow Chanel to promote itself. There is a fact that people will pursue pop culture, like when the French actress Gabrielle Dorziat posed for Coco's headwear, the industry gradually dominated by Chanel. (Rabiah, 2021) Thus, one of the approaches to succeeding is to master the market trend.

3. Analysis approaches

3.1 Marketing Mix: 4Ps

Marketing strategies are almost the most important part of one brand, raising the brand positioning and the approaches to success in the luxury market. The four basic components of this tool can be exhibited: Product, Price, Placing, and Promotion. Thereby, how to apply this

analytic tool in Chanel?

3.1.1

Chanel's products can be divided into four parts: Fashion, Haute Fashion, Handbags Ready-to-wear clothes. Fragrance, which is perfumes and colognes. Watches and jewelry are an example of jewelry, and Makeup, Skincare, and Sunglasses are other products. (Team, 2022)

With the elapse of time, more and more fashion brands concentrate on skincare products because this kind of product can obtain more profit than a makeup product. According to customers' frequency, skincare products are much more than makeup. Making clients purchase more expensive skincare items more consistently and boosting sales is simpler. Chanel items are the only ones a fashion house produces with a considerable market share. (Nagasawa, 2013) Typically, it is acknowledged that the luxury beauty market serves more than only driving sales. It enables a budget-conscious customer to experience the brand and develop early brand loyalty before being able to buy a more pricey item like a purse because it is a lower-cost luxury item. (Sandler, 2019)

Chanel's classics are the major topic of its marketing. However, this is suggestive of a one-dimensional product. A strength will deteriorate into a weakness. If the product has greater variety, Chanel's devoted customers will undoubtedly purchase it. They do not just focus on one type of product; it can be diverse. For instance, concentrating more on other products other than skincare products. Also, attention to watches can attract customers, such as young-fashioned men. Yet, it will also confront the issue that new items may not follow the trend. Since Chanel has always been at the forefront of fashion, they rarely care about whether their new products will become the next trend. Even though Chanel wants to sell some strange products, such as irregular slippers, their customer will also buy them. The reason is that most consumers in the luxury market are postmodern customers, who are conspicuous evanescent consumers. However, in reaction to the present single-product approach, many luxury firms are beginning to diversify. If Chanel invests less in development than other premium companies, it will fall behind. Chanel's primary target market is trendy women. However, according to a Chinese poll, the male luxury market has progressively increased, accounting for more than 44% of the luxury market. Rozario and Laurent (2022) In other words, if Chanel creates more male luxury items simultaneously, it will be a watershed moment and a significant challenge for the brand.

3.1.2 Price

For most luxury brands, it is no surprise to increase the price. Although the primary price for an enormous percentage of products is relatively expensive, several reasons are listed.

1. Unique and excellent raw materials. (Team, 2022)
2. High quality, exude flair and elegance. (Team, 2022)
3. The target market is affluent and so ready to pay. (Team, 2022)

However, fluctuation also exists for luxury brands. With the recent and past observations, Chanel made the obvious adaptation for the total price. While premium manufacturers are anticipated to hike prices once or twice a year, Chanel has raised prices four times since the outbreak. (Law&Jensen, 2021) A classic Flap's price can be best shown (see Fig 1).

Premium pricing is typically not employed when a product directly competes with another. This is ideal for Chanel because no other premium brand is currently making and marketing a grooming kit. Price lowering by competitors often results in weak sales. Due to this, premium pricing is frequently a transient tactic. (2015) Most of Chanel's pricing tactics are based on premium methods. The price is justified not just by quality but also by cultural relevance. In terms of the brand's history, it can be observed that each Chanel product had its distinct meaning during the founder's life. Not only does perfume sell, but so does Coco Chanel's tired howl against the fate of the battle. The premium is also intended to inform consumers that Chanel is special and will have to spend more if they want it. The objective of rising prices yearly is to choose and retain their high-end clients; everyone wants to obtain a burst of money, but is it still a luxury if everyone can afford it? Naturally, the popularity of such a premium to charge larger prices. Also, short-term inflation is favorable to Chanel's marketing in the marketing environment. Because it is a premium, consumers will spend more money than the original price to buy it, so if the price level rises, the price of Chanel remains unchanged. The price will only change from the original premium to a normal price, which does not affect profit, but in the eyes of consumers, the price of Chanel will be higher. As a result, people are likely to purchase more Chanel items.

Chanel also has specific price strategies for different products except for the macro premium price. For example, the price of watches, jewelry, luggage, and garments at the boutique is in the thousands of pieces; the basic ones are in the tens of thousands of pieces, while the most costly ones are personalized or limited editions and cost hundreds of thousands or hundreds of thousands of dollars. Chanel cosmetics and skincare are reasonably priced. Chanel does not normally provide discounts all year. We occasionally provide discounts on our websites or at large stores like Lane Crawford. (Zihan, 2021) Thus, we can learn that except for the normal strategy of premium price, the price is very mysterious in Chanel's pricing. Also, this price strategy can attract specific customers or let some people buy more things

with discounts, but the price after the discount is just the original price that Chanel wants to sell. Therefore, the

price strategy for Chanel is very reasonable for people to buy.



Figure 1. Classic Flap Price Comparison in 1955-2022

3.1.3 Place

To make its products accessible worldwide, Chanel distributes its merchandise through various channels, including high-end supermarkets, e-commerce sites, multi-brand stores, and specialized retail locations. There are more than 300 Chanel boutiques worldwide, which are the brand's exclusive showrooms. (Bhasin, 2018)

Along with the typical black shop style, Chanel's boutiques are often found in upscale luxury areas, serving the upper-class aristocratic market. To meet anterior people, setting up numerous stores seems to be appropriate. The uppermost people can be seen in advanced locations. Since elegant temperament will emit randomly as they emerge, salesmen can catch the chance to increase the saleroom. Simultaneously, the market for Chanel will inevitably grow as a result, and in high-end places, luxury goods are widely available in addition to Chanel's particular kind of fashion.

Chanel does not work with agents or distributors. All Chanel items are available at the counter, online, or offline, whereas cosmetics are offered separately at cosmetics stores. Sales channels and distribution. (Zihan, 2021) However, it means that Chanel forgoes China's most prevailing placing strategy. Hence, e-commerce is also a tactic for placing. It is well-known that e-commerce in China can obtain a large amount of profit, so Chanel undoubtedly decided that China market would be the next target.

Also, most people in China like using an agency to buy products. If Chanel can cross the limitation for forbidding

agencies, the client base in China will be extended. According to Bain & Co, Chinese millennials are also better off financially than their Western counterparts. Deloitte predicts that Chinese millennials and Gen-Z customers will account for 40% of the global luxury market by 2025. Chanel's only local internet presence is through its beauty products on its e-commerce and, more recently, TMall.(Sandler, 2019) With its packagings, such as celebrity endorsement, advertising push, and other methods of increasing awareness, this is also done to regulate traffic across many huge platforms. Go online to investigate the market in large commercial districts and shopping malls. The former's advertising and brand effects prepare the way for the latter. For example, buyers who enjoy it will pick the variety and purchase it immediately. The intelligent consumer groups will be more ready to visit offline stores to select the best option. As a result, internet marketing will surely encourage offline consumption.

3.1.4 promotion

Advertising in publications is tactically highly beneficial since readers can simply check out the latest and forthcoming trends. (Bhasin, 2020) Chanel thinks advertising will increase perfume buying power, market share, and brand recognition. Yet, Chanel's target client base must be identified to develop the most appropriate advertising marketing plan. The campaign must stress Chanel's elegance, distinctiveness, and craftsmanship. Thus, the price will be higher, but its delicacy will attract many female target buyers.

Currently, the market may witness Chanel's marketing in various places, including TV commercials, magazines, mailings, the Internet, and counters or commercial exhibits. Chanel typically advertises their products in high-end fashion publications such as Marie Claire, Harper's Bazar, Vogue, and Elle. It also hires supermodels and Hollywood actresses to model for its brand and benefits greatly from the celebrity of the models, who profit from Chanel's brand equity, generating a brand synergy between them. (Team, 2022) The store might also reflect marketing. Models in the store sporting the season's newest, hottest trends, exquisite fashion, and gorgeous model posters will get promotions. (see Fig 2) Louis Vuitton now leads the Chinese luxury market, with 76 percent of the luxury and fashion communities citing the brand. Hermes came in second with 75% of the market, while Chanel came in third with 74%. (Best branding practices in China: Luxury industry) This demonstrates that the advertising target group may be put in China.

Besides, they are hesitant to make the advertisement public. Yet, this has altered in recent years. Nell will choose a few Hollywood stars or supermodels to speak on their behalf and develop their brand's appeal through their influence. (Zihan, 2021) According to the social psychological strategy called Peripheral route persuasion, using celebrity endorsement to persuade customers to buy products, Chanel does a perfect promotion for consumers because this consumer psychology can control customers' minds or change their preference for products. There are plenty of people who just consider products endorsed by idols. Thus, the act can help Chanel to make more profit than before.

Chanel also created a fashion show week to showcase Chanel's noble and modest style to increase brand recognition. They also invited some high-end buyers to view and order garments simultaneously. This sales procedure deserves to be commended. They may sometimes opt to conduct art traveling exhibitions to showcase their work worldwide. (Zihan, 2021) The fashion show can help one brand keep the fashion trend, like showing their new accessories or clothes to the public. It is also a method of communication between fashion designers and clients in which designers display fresh ideas on live models through goods. Thus, it can be better to combine the mind of customers and designers through fashion shows. Simultaneously, catering to the customer's mind can help Chanel sell more products and earn more profit.



Figure 2. Chanel pop-up store at Marina Bay Sands.

4. Conclusion

Chanel's marketing strategies are consistent with current market conditions and brand positioning. All of its decisions are based on its aims, which include identifying the most appropriate set of potential consumers and targeting consumer temperature. Chanel uses product, pricing, position, and marketing for the greatest advantage and to fulfill the initial objective to achieve the initial goal and purpose. Yet, Chanel should not be bound by your existing plan. Markets will continue to evolve. As a result, new strategies in many directions should be applied. Chanel should be cautious about altering while retaining their features to gradually progress into a more prosperous path. Finally, this paper hopes that Chanel can expand its target consumers so that it is not limited to young, fashionable women. If the target is expanded to more consumers, such as men or more, then Chanel's positioning will be clearer and more attractive to consumers to change the product positioning.

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