

Research on the Brands Marketing Strategy of Chanel

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Abstract. Chanel is in the upper-middle class of luxury brands. Chanel's brand values include humanity, uniqueness, and inclusiveness. And it has a long history, which is important to show the female's power. Moreover, it has created many successful marketing cases, such as Chanel No. 5 perfume's marketing. But in the current epidemic, Chanel's interests are affected. This paper will mainly analyze the main marketing strategy of the world's top luxury brand Chanel, including its product strategy, promotion strategy, distribution strategy, and so on. Then find out its shortcomings and provide solutions for them. These can help Chanel to search for better development during the epidemic period. Additionally, this paper will mainly analyze customers' perspectives, closer to their deep needs.

Keywords: Chanel, Luxury brands, 4P, Marketing strategy.

1. Introduction

1.1 Research background

On August 19, 1883, Gabrielle Chanel founded Chanel in Paris, France. However, Coco Chanel came from a poor background and was sent to an orphanage as a child raised by nuns. Coco's nickname came from her brief career as a singer, performing in her club, Vichy and Moulins, called "Coco" [1]. Coco made friends with two old patrons during her career as a singer and became their lovers and confidants. Befriending dignitaries gave Chanel the ability to open its stores. The concept of Chanel's clothing was based on conveying female power, represented by the little black dresses and jumpsuits worn by women. These designs broke the traditional boundaries between social classes. So, females were encouraged to be as bold as men in pursuing what they liked. The changes in Chanel's clothing designs subverted male superiority and showed the equal relationship between men and women in the family.

The relevant data shows that in 2021, possibly due to the epidemic, Chanel's global brand value will be approximately \$13.2 billion, a slight decrease from the previous year. Chanel's global brand value trended positively between 2017 and 2020 and recorded the largest increase in 2019, jumping from \$5.9 billion to nearly \$11.5 billion. Chanel is one of the fastest-growing luxury brands in 2019 [2]. However, its profits drop from 2020 due to the pandemic.

Chanel's brand values include humanity, uniqueness, and inclusiveness. It breaks with tradition and reinvents fashion, creating simple luxury that embodies the very modern values of freedom, passion, and feminine elegance. It is important to show the power of the female.

1.2 Literature review

Jin and Gao suggest that the past women were called "walking gardens" and were bound by tight-fitting corsets. The collars and cuffs of their dresses were decorated with beautiful lace. In a society where the Rococo style was prevalent, Chanel created the little black dress (the dress itself was a simple, loose silhouette and understated elegance). This freed women from the shackles of the waist, and the hemline was raised to the ankles, for which women could walk more easily, freeing them in terms of clothing. So, its brand concept is female power [3]. Guo proposes that Chanel pays close attention to women's needs and designs typically "feminine" products. In 1921, Chanel launched the timeless classic - Chanel No. 5 perfume, which is still highly respected one hundred years later. The popularity of the No. 5 perfume has made a more comprehensive range of consumers increasingly fascinated by Chanel. Since then, Chanel's brand positioning has become clearer and has reaped

growing numbers of female fans [4]. Liu presents that Chanel conveys modern female consciousness such as independence through existing visual symbols, giving women confidence and courage.

On the other hand, consumers tend to buy Chanel products with a conspicuous consumption mentality to show their high social status [5]. Xu says Chanel focuses on olfactory marketing. This is because its products have a light scent, which is different from the artificial fragrance scent of other brands. Therefore, this unique scent distinguishes its products from its competitors, making it easier for customers to remember the brand of Chanel, just like a trigger [6]. According to Wang and Li, the third level of the business model is to create social genes or ideological genes that can transcend the boundaries of a company and influence the whole industry and society to achieve a legacy. Chanel has created an era of its own, greatly liberated women's freedom to dress, influenced the culture and thought of society, reached the third level of business, and thus succeeded [7].

1.3 Research gap

Most scholars analyze Chanel's feminist view of demonstrating female power, which mostly involves the invention of the little black dress and the pantsuit. Or focus on detailing the historical story behind Chanel and the exploits of Coco Chanel - how she succeeded. In contrast, few scholars have examined how Chanel's modern feminism is presented in the shows and the clothes' design. Furthermore, the brand's modern marketing strategies have received little attention—for example, multimedia marketing, the 4Ps.

1.4 Research framework

This paper will start with the 4P marketing analysis, introducing the product, price, promotion, and distribution strategies. After that, it will gradually introduce emotional marketing, i.e., feminist presentation. However, specific examples will be included, such as the connotation of Chanel's recent clothing design and the setting of the runway venue. This will include a detailed case study - the fall-winter 2022- 2023 collection "Riverbank Tweed" or "Twisted Tweed". To highlight the characteristics of Chanel's marketing model and to specifically distinguish its disadvantages and advantages. Chanel will then be compared to Hermès and Dior, respectively. After that, solutions will be proposed for Chanel's shortcomings in marketing. Following that, a case scoring will be done - the success of Chanel No. 5 perfume. Finally, Chanel's brand marketing's specific forms, advantages, and disadvantages will be summarized.

2. Methods

2.1 Survey method

A survey method is a process, tool, or technique that collects information by asking questions to a pre-determined group of people in a study [8]. In this paper, research will be divided into offline interviews and online questionnaires. This paper will analyze the evaluation of Chanel products by middle and high-income people to find out the most satisfied and least liked users' points. Then design product solutions to improve customer satisfaction. Besides, the effectiveness of Chanel's brand marketing will be a focus. Interviews and questionnaires will be used to determine whether customers have deep perceptions of the brand concept and clarify whether its marketing strategies greatly impact customers. The ineffective marketing approaches can be designed to be weakened, and those with huge effects can be strengthened.

2.2 Comparative analysis

Comparative analysis is the process of comparing items with each other and distinguishing their similarities and differences. When a company wants to analyze an idea, issue, theory, or problem, conducting a comparative analysis allows it to understand the issue better and form a strategy to deal with it [9]. This paper will compare Chanel's brand marketing strategy with Dior's and Hermes'. This

is because Dior is a brand at the same level as Chanel, and its audience is similar. Consequently, comparing these two can find out Dior's marketing strengths and Chanel's weaknesses to improve Chanel's brand marketing strategy. Secondly, its consumer class of Hermes is higher than Chanel's. Analyzing the reasons for Hermes' success can also help Chanel open up more markets with higher consumer groups and help improve the brand's revenue.

2.3 Case Study

A case study is an in-depth, detailed examination of a particular case (or cases) within a real-world context [10]. This paper will use two cases for analysis, the fall-winter 2022- 2023 collection "Riverbank Tweed" or "Twisted Tweed" and Chanel No. 5 perfume marketing. The first case reflects female power from the perspective of the clothing design concept. The second case is a Chanel product popular worldwide and is still the fragrance of choice for many women. These two are modern goods and long-lasting goods, respectively, and the combination can better analyze Chanel's brand marketing angle and effectiveness.

3. Result

First of all, let's analyze Chanel's marketing advantages. The first successful case is Chanel No.5 perfume. It is a timeless classic due to the propaganda of elegance and feminism. It is the first perfume with floral notes that showed the bravery and boldness of women. What's more, it also completely broke the traditional spirit of perfume at the time. In addition, Chanel adopted celebrity publicity with great success. In 1952, Marilyn Monroe, when asked by a reporter, "What do you wear to bed?" In 1952, Marilyn Monroe said, "I only wear Chanel No. 5 to bed!" This statement drove many women crazy, and the popularity of the No. 5 perfume continued to grow. At the same time, this phrase has also become one of the most iconic Chanel advertising slogans. Another case is Chanel Fall/Winter 2022-2023 "River Tweed" or "Twisted Tweed". The special part is that the designer uses River Tweed to create clothes. Through these garments, a Scottish story is depicted. It is a story of Virginie Viard, who used to dance secretly in remote places. And it shows the girl's unrelenting pursuit of her dreams, which is deep female power.

However, the epidemic that began in 2020 has had a considerable impact on the major luxury industries. And Chanel's marketing is also affected. The number of people buying Chanel and other luxury goods has dropped significantly. There are two reasons for this. Firstly, consumers are worried that luxury goods will spread coronavirus. They stopped buying luxury goods due to the risk. Secondly, many people buy luxury goods to show their social status. But based on the severity of the current epidemic, they see little chance of wearing or using them in the foreseeable future. In addition, the data reveals that the coronavirus crisis has hit the personal luxury goods industry to varying degrees. One global study shows that the watch and jewelry market declined in 2020, shrinking by a quarter of the market size compared to 2019. This is closely followed by the apparel and accessories industry, with a 20% reduction in market size. The cosmetics and fragrances market is down 15% in size [11]. Finally, by consolidating the information, it is found that the profits of luxury goods will start to recover by 2021 gradually, but relatively slowly. Therefore, it can be presumed that the profit trend is rising but not fast.

During the epidemic, people were much less enthusiastic about in-store visits. The survey data released by Ruder Finn and Consumer Search Group reported that 55 percent of respondents in Mainland China claimed they started using online channels more often to purchase luxury goods after COVID-19 began [12]. Consequently, luxury brands should focus more on creating digital platforms to enhance their attractiveness. Also, other data shows that the average time consumers spend on media has risen by one hour, to 13 hours, 35 minutes a day during the epidemic period [13]. Therefore, luxury brands should focus on online marketing and utilize the relevant media resources to boost their exposure. In addition, consumers are most likely to be worried about contracting Covid-19, so brands should do a good job of sanitizing their products and building trust with customers.

After a three-week-long questionnaire survey, 1,268 questionnaires were collected. The survey results show that 47% of people have purchased Chanel products. And most of them are in the middle and high class. Among those who had paid for Chanel products, 335 people mainly bought Chanel cosmetics and skincare products. And only 104 people primarily bought Chanel bags and apparel. In addition, people who mainly bought accessories and others are the least. Chanel's cosmetics and skincare products are the most popular. Then by comparing the prices, it can be found that their cost-effectiveness is also the highest since bags and clothes are almost 100 times more expensive than cosmetics or even more.

Furthermore, the data shows that the number of people who wanted to buy Chanel products online before the epidemic was 50%. But after the epidemic, there is 70% of people would like to buy the product online. This shows that consumers are now more inclined to shop online. Thus, to retain loyal customers, Chanel should improve its user experience in e-stores.

In the survey interviews, many customers expressed their dissatisfaction that Chanel has been in a state of the price increase. At the same time, some people suggested that the price of Chanel is inflated. So Chanel's marketing strategy should first turn to showing the high quality of the products from multiple angles and increase its credibility. Besides, 30% of people in the questionnaire think Chanel should improve the diversity of products, especially those for men. This can be linked to the product strategy in the 4Ps. Customers can only have more choices in a diversified product, which will raise the purchase rate. Then, 27% of people think Chanel should improve the quality of its products. Some people say that Chanel's bags and clothes are damaged easily. This also falls under the category of product strategy, which needs to be improved. Next, 28% of people think Chanel should promote the attitude of sales staff. They said it is easy to be prejudiced and fail to get good service at Chanel. This also belongs to one of its weaknesses.

Meanwhile, 15% of people think that the purchasing channels of Chanel's goods should be expanded. They suggest that Chanel does not open places where they could buy clothes and bags except for offline stores. This can be linked to the distribution strategy, which also needs improvement. This is because diversifying purchase channels can bring convenience to customers. Further, the information shows that Chanel's SWOT analysis weaknesses are: 1. They have limited market share growth for Chanel 2. High brand switching rate despite high brand awareness [14].

Moreover, by comparing Chanel and Dior and Hermes, it can be found that Chanel and Dior are very similar. Even the materials and goods are similar, leading to Chanel's customers' easily choosing Dior. Whereas Hermes uses the top source, the highest quality calfskin, its raw material utilization is higher than Chanel and Dior. Activities and shows are Chanel's weaknesses because Chanel only has many shows, not many activities. But Hermes and Dior have plenty of activities.

Chanel's product marketing strategy is problematic for the following reasons: 1. A spokeswoman said the hikes are in response to unspecified exchange-rate fluctuations, changes in production costs, and to ensure its handbags cost roughly the same around the world [14]. 2. Chanel's male products are less developed and available because they are more focused on building female power. What's more, its brand philosophy is to be able to express female power. 3. Chanel's bags and clothes are easily damaged. Chanel's raw materials are almost valuable, so they must be specially protected. In addition, Chanel's high fashion clothing audience group has always been the high class. And these clothes will not be used many times by the rich and famous. So quality is not the main selling point of Chanel. Its main selling point is the appearance and value of the product. Furthermore, the problem with Chanel's distribution strategy is that Chanel's director believes fashion cannot be shown online. The company's digital plan aims to bring more customers to the boutiques. So this is a kind of exclusivity for Chanel.

4. Discussion

4.1 Explain the link between price increases and exchange rate changes & Reflect the particularity of raw materials

People are upset about the price increase because they don't know the exact reason. So Chanel can issue statements or announcements on major media platforms, suggesting that the price increase responds to exchange rate fluctuations and changes in production costs. Additionally, Chanel can show its customers the specificity of raw materials and their expensive value. This can be done by setting up an online showroom on the official website. Its content is to introduce the origin and scarcity of each product. When customers understand the value of the goods, it will be easier to understand the reason for the increasing price.

4.2 Still focus on the female market and gradually expand the male market

In the face of customer demand for male goods, Chanel can gradually develop a variety of male goods, such as male skincare products and perfumes. Now Chanel has launched part of the male perfume, and the market response is positive. There are even girls who buy a unisex fragrance. Therefore, exploring the male market will help Chanel's development because it can make Chanel's products more diversified, which will increase the market share and expand the original audience group. However, at the same time, Chanel can still focus on female products to show female power and not lose the original brand concept.

4.3 Create a platform for online recorded classes on how to protect bags and clothes

Some customers think that the products are extremely fragile. They don't know how to protect the bags and clothes. Setting up a recorded class allows customers to learn how to take care of their handbags and clothes. This will reduce the rate of customer complaints and gain loyal customers.

4.4 Enhance salesperson training and selection

The salesperson's attitude is also part of the brand image because good service can bring a better reputation. If many customers are dissatisfied with the salesperson's attitude, the customer will not have a good opinion of the brand. The solution is to conduct strict sales screening and strengthen training for them. The reasons are as follows: 1. Stricter screening of sales can improve their overall level. 2. Strengthening the pre-employment training of sales can improve their ability, such as the ability to solve unexpected situations. All these can bring a better experience to customers, thus reducing negative comments and providing greater benefits to the brand.

4.5 Additional limited booking platform & selling accessories on the official website

Chanel can add a limited reservation platform to satisfy customers' desire for online shopping. For example, the season's height clothing and bags can be reserved on this platform. And it is limited to a certain number. But the prerequisite for booking can be that the customer must have a definite amount of spending on record. Also, the platform can state that after a successful booking, the customer must go to the offline store to confirm at a certain time. This can satisfy customers' desire to buy online and make Chanel's exclusivity not reduced. Moreover, Chanel can also add a section for selling accessories on the website. And accessories can be cell phone cases, pendants, etc. This will satisfy customers' desire to shop online and increase the purchase rate of accessories.

4.6 Improve irreplaceability & unique

Facing increasing competition in the market, Chanel's market share was limited. Customers think luxury brands in the same price range can serve as substitutes, such as Dior. So to increase its market share, Chanel should improve its irreplaceability. For example, Chanel can pay more attention to other brands' product materials and find out what they have in common. And then replace those with different materials and promote the difference in advertisements. Additionally, Chanel can conduct

more market research to determine what products other brands have not created. Then focus on making those products unique to Chanel, such as using a conspicuous logo.

4.7 Open more events

To be competitive among luxury brands, having enough activities is necessary. But Chanel now only has many shows and few activities. And other luxury brands have several campaigns. So Chanel has to improve its competitiveness in this promotion strategy. For example, Chanel can have an offline exhibition every quarter and custom clothing design every year. These activities can enhance the brand image multidimensional, such as brand awareness and reputation. They can also help create important connections with customers and other potential partners.

5. Conclusion

The profits that Chanel occupies in the luxury industry cannot be ignored. But its market share is also limited. Chanel needs to upgrade its marketing strategy to keep its leading position and retain loyal customers. Through the above material analysis, it can be found that there is much dissatisfaction from customers with Chanel's marketing. Therefore, Chanel needs to improve its product strategy, distribution strategy, promotion strategy, and salespeople training to improve the brand reputation. The main methods are as the following: 1. Gradually open the male market. 2. Focus on research and development of niche goods. 3. Upgrade the online shopping platform. 4. Conduct more brand activities. 5. Strengthen the selection and training of sales staff. In addition, this paper focuses on Chanel's marketing approach. Firstly, two successful marketing cases of Chanel are analyzed. Secondly, the disadvantages of Chanel's marketing in the popular period are analyzed from multiple dimensions. The solutions are also given. These will have a great impact on the long-term development of Chanel. However, in the research methodology part of this paper, the primary data collection is small, with only 1268 questionnaires. The paper mainly uses secondary data. Further surveys will be conducted in the future, such as focus groups, etc., which will help to allow for a more comprehensive analysis.

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