

Analysis on the Marketing Strategy of Chanel

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Abstract. Chanel's French legacy enables it to strengthen its reputation and remove past problems. It should pursue middle-class adult women for their high luxury consumption ambitions, and return to its pre-pandemic marketing expenditure levels to beat the high profiles, diversity, firmness, and discrete distribution approaches of key rivals Dior, LVMH, Gucci, and Burberry. The traditional store should keep giving the best client experiences, although Chanel's online store ought to be developed to properly market its sub-brands. Celebrities Han So Hee and Zendaya Coleman must be the brand's ambassadors given their rich talents and strong online presence. Dedicated pop-up shops and hosting holiday stays for public consumers should be Chanel's best experiential activation tactics going forward.

Keywords: Chanel, luxury, fashion, marketing, spending.

1. Introduction

Clothing is a basic necessity. It covers the body and shields it from the elements. Our earliest forebearers wore simple garbs, which then evolved over many millennia to assume a greater role in society beyond survival. Clothes gradually became markers of identity that express individual and collective qualities, beliefs, and traditions. Today, this particular representation is significantly emphasized by those who model, make, and sell attire. There are countless designs, functions, materials, colors, styles, trends, and appeals to consider when producing, advertising, and buying apparel. A clear distinction between classes of consumers emerged from this multifaceted world of fashion on which various manufacturers chose to center their products and capitalize on demand. Chanel is one such brand that has been making exclusive, custom garments mainly for women since 1910, and expanded to mass-produced clothes over the decades. Given that people also identify themselves through other wearable goods based on their tastes, the fashion house further ventured into making high-end accessories like handbags, jewelry, watches, perfumes, and cosmetics to complement their fashion. This focus on luxury necessitates distinct methods of advertising and retailing Chanel products. The following essay investigates the heritage, target markets, budgets, distribution options, star representatives, and live marketing events most suitable for Chanel.

This paper is important because it offers a comprehensive scholarly perspective of marketing luxury goods. It shows the financial, consumption, and distribution factors that makers of high-end clothes and accessories could consider and address in a seasonal and fast-paced business environment to become prominent and successful. This essay's value also emerges from fully knowing how competing luxury brands organize and develop themselves. The detailed analysis of Chanel's rivals and its various options for advertising and promoting its image and offerings effectively puts into context the industry's strong production forces and the means for navigating them. It indicates to marketing researchers the precise locations and directions for capitalizing on internal strengths and mitigating weak points to elevate their luxury clothing brands.

2. Main body

2.1 National Legacy

One advantage of Chanel having a French heritage is its unique attitude towards fashion. The country historically abides by the seasons between major economic or cultural shifts and the styles that flourish during these cycles, which ensures that enthusiasm for fashion stays high or stable. Another pro is France's favorable commerce. Luxury commodities are among the leading exports,

and comprise 10% of all EU exports. Therefore, it is difficult for lavish fashion designers or editors and consumers to escape this strong economic intersection of beauty and lifestyle (Karabell, 2015). However, Chanel's French legacy blemishes the brand's currently tolerant image. The founder, Coco Chanel, informed Nazi Germany of French war developments, and aided their antisemitic missions and sentiments despite coming from an Allied nation (Honig, 2019). Her betrayal may overshadow the trademark's gradual acceptance of Jews and other traditionally marginalized cultures and peoples.

2.2 Target Market and Competition

Chanel should go with its French association as far as to leverage its longevity in the luxury goods business. It ought to continue to uphold, strategically employ, and convey the French roots of its star designers and offerings through the stories told by Chanel commercials. The knowledge they impart to French and European buyers should allow them to bond with the brand as they appreciate being related with the Chanel name and reputation. The company must also utilize its national heritage to erase past and future unethical associations. Chanel ought to guarantee that its lead fashion designers keep recruiting creators and editors, creating product strategies, and approving aesthetics that represent voices and ideas from the broader and diverse luxury fashion community (Honig, 2019). Its goods would remain prestigious while attracting clients from different generations, lifestyles, and personalities.

Chanel should target adult women due to their strong consumer ambition and positivity. Those aged between 25 and 40 years naturally try to equalize every aspect of their lives, which leads them to fixate on the accuracy of these balances. This belief in self-development renders them open to facing new challenges and gaining knowledge about various topics. The brand ought to provide this segment with as much information as possible about their offerings to decide their usage and value. Since these women tend to earn high incomes, and are willing to pay premium prices for luxury commodities they truly enjoy, Chanel ought to win their confidence with instant hit products and amusing and refreshing advertisements. Their tendency to be hands-on and smart when shopping allows the fashion label to help these buyers optimize their choices (Darbinyan, 2020).

This target market further represents a key social demographic that ought to be lucrative to Chanel. Women in their thirties usually prioritize their families because they spend or plan to spend much of their time and resources with them. This purpose is different from their peers in their twenties who have active social lives and numerous friends whether online or real-life. Chanel initially targeted this group mainly due to its high preference for lifestyles that exemplify class and extravagance (440 Industries, 2022). However, the brand must shift to their older counterparts whose commitments to family and work usually boost sales and loyalty. Chanel should ultimately gain more from contributing to the individual stabilities of high-class women over thirty years old than strengthening connections with younger female buyers merely seeking social status through its trademark (Darbinyan, 2020).

Christian Dior is Chanel's competitor because of wide consumer visibility. It reports sales posts from across the world, which indicates that customers widely notice the brand and, hence raise its brand equity. Endorsements from top celebrities like Johnny Depp, Rihanna, and Natalie Portman also render Dior a rich source of fashion and style. I also consider LVMH (Louis Vuitton Moët Hennessy) to be Chanel's rival due to its diverse portfolio. It manages about 60 subsidiaries that produce luxury fashion and leather products, perfumes and makeups, watches and jewelry, selective retailing, and wines and spirits. Each unit handles esteemed brands like Celine, Fendi, Givenchy, and Louis Vuitton that collectively wield immense creative and commercial potential for LVMH. Heavily investing in other famed names in the broader luxury industry helped the conglomerate to maintain premium quality goods.

Chanel also firmly competes with Gucci since it is well-established in the luxury business. Since 1921, it created apparel and accessories with unique features that appealed to customers worldwide and strengthened the Gucci name and trademark equity. Being one of the most popular fashion names around the globe imbues a profound sense of innovation and clout that puts at risk Chanel's reputation

and brand value. Burberry is another important player owing to its developed distribution strategy. It runs a vast network of retailers, wholesale departments, and licensing channels in roughly 50 countries that target the final customers as opposed to intermediary sellers. While Burberry primarily mass-produces clothes and accessories (Cabigiosu, 2020), this well-organized system for transporting and serving customers facilitates the delivery and purchases of its high-end fashion productions.

2.3 Marketing Budget and Media

Chanel spent over a billion dollars in advertising and promotion during 2020-21. It cut the total marketing budget by 23% from \$1.77 billion in mid-2019 to \$1.36 billion in mid-2020 to account for the 18% decline in revenues reported during this period (Spanier, 2021). The company devoted this money to activities that supported the Chanel brand, including a Chanel fashion show in the Paris Fashion Week of Fall-Winter 2020 and Spring-Summer 2021 for its latest ready-to-wear and Haute Couture collections. Also, nearly \$100 million went to creating print ads and digital and television trailers in 2020 that promoted flagship products, such as Chanel COCO Mademoiselle, Beauty, fragrances, High Jewelry, and Timepieces. This money ventured into premium ad units and paid for more than 100 different media properties across numerous platforms to promote the fragrance, including direct ads on the Elle lifestyle magazine, print and display ads on Vogue UK, the NYT (New York Times), and Cosmopolitan, television commercial on Freeform and Fox Business, and programmed ads on YouTube and four other digital media providers (MediaRadar, 2022).

Up to \$500 million was spent on its new global media agency OMG (Omnicom Media Group), which scripts and creates print advertisements and commercials for the luxury fashion firm (Pash, 2021). Chanel's marketing budget also included promoting its already limited online marketplace for cosmetics and perfumes, which boosted sales by 113% in 2020 and 67% in 2021 (Aloisi, 2021).

Chanel should resume its pre-pandemic levels of marketing spending with a focus on branching out its digital space. It could increase its current budget for promotional and advertisement programs to roughly \$1.7 billion to account for print and national television ads, and expand and streamline its e-commerce platform for makeup and fragrance sub-brands. The additional \$350 million ought to advance Chanel's partnership with Farfetch to test a retail technology solution, Net-a-Porter to introduce e-concessions and e-consignments, and Chinese social media platforms The RED and WeChat to offer virtual concierge shopping services. Given that online sales for fragrance and beauty products rose strongly during the pandemic (Chitrakorn, 2021), Chanel should begin to strengthen its online presence without compromising its rule of selling fashion exclusively through physical stores and VIP following. These investments will prepare the company to build a virtual interface that offers their customers the degree of service and experience they anticipate from Chanel.

This increased funding must also be designated to display and broadcast ads to promote Chanel's accessory offerings. About \$1.35 billion would go to seasonal fashion runways for showcasing both mass-produced and high-end attire, print and exhibition ads on Vogue, the NYT, Cosmopolitan, and Elle, and TV commercials on national channels like ABC and FOX Business. The expenditure would not only uphold brick-and-mortar outlets and celebrity endorsements as the primary touchpoints for the brand's luxury apparel, but prop Chanel timepieces and top-quality jewelry that resisted economic crises of the past two years (Chitrakorn, 2021). Print and television displays of prized clothes, watches, and trinkets worn by Hollywood celebrities and supermodels shopping in-person in Chanel stores would sell the luxurious experience that goes beyond the product that the company's most dedicated buyers expect. This omnichannel approach should communicate the seamless shopping experience provided by the brand's robust physical presence.

2.4 Distribution Strategies and Representation

The traditional boutique is Chanel's best distribution outlet as it provides the richest customer experience. Luxury fashion buyers often desire face-to-face interactions with sellers to confirm or disprove the stories or messages conveyed by the ads or displays that led them to these shops (Langer, 2021). Chanel can attend to this preference by creating poignant purchasing experiences that produce

feelings unique to the brand. Setting up a flagship or pop-up store designed to be very personalized and capable of enlarging the client's expectations manages to complete the customer's journey. It could be large and resembling Chanel's iconic private apartment style with an extended interior interspersed with a series of outstanding contemporary paintings, and seasonal bags, cloths, timepieces, and jewelry held in glass cabinets. Such a setting might intensify exclusivity and contribute the bespoke tone that typically characterizes luxury experiences.

E-commerce is also a suitable outlet since it differentiates Chanel's sub-brands. The business could add timepieces and jewelry to its current e-tail platform for perfumes and cosmetics and still maintain its uniqueness among competitors like Gucci that distribute virtually their entire portfolios online. The initiatives by Farfetch, Net-a-Porter, and Chinese social networks to develop a consumer and in-store app that provide concierge and delivery amenities may continue to make shopping at Chanel more dynamic and enjoyable (Guilbault, 2021). They can partially make up for the personal and exclusive elements typically lost through the internet as buyers cannot directly engage retailers or products. Chanel's private company status enables it to give precedence to brand equity by refining its digital space to deliver optimum client experiences and maintain its superiority among other luxury goods firms that sell online.

Han So Hee might be a good brand ambassador for Chanel because she is a multifaceted entertainer. She debuted as a model in South Korea in 2016, and then starred in a drama that went viral right after its release due to her gorgeous appearance and attractive temperament. Her wide appeal in the Asia-Pacific is worth utilizing to feature Chanel across multiple marketing platforms. Han So Hee could wear Chanel bags, clothes, shoes, perfumes, cosmetics, and accessories when shooting TV series, appearing on television shows and films, and modeling. She may set the trend in luxury fashion and especially encroach on millennial customers who are likely already interested in her style of fashion.

Zendaya Coleman can also be a decent representative due to her strong social media influence. The American actress and singer uses her hundreds of millions of followers on Instagram, Twitter, and Facebook to express her principles and embody the essence of Generation Z. For example, she rallied them to vote in the 2020 US General Election, and educated them about racial justice and police brutality (Gonzales, 2020). Chanel could benefit from Zendaya sharing images and videos of herself wearing or showcasing trademark fashion, fragrances, makeup, and accessories with descriptions that characterize her signature outspoken personality. Her endorsement can align the brand's values with those of the star's audience in an organic fashion that idealizes Chanel's reputation and offerings and upholds its prominence in social networks.

2.5 Experiential Activation Methods

A dedicated and mobile pop-up shop is an experiential activation that would make sense for Chanel. The company should shift from its traditional fixed chic pop-ups to setups that move between places. Roughly \$10 million would be spent on collaborating with a media house that generates unique material and real experiences for audiences, such as Coffee 'n Clothes, to design and build mobile pop-ups that drive around neighborhoods with potential clients, such as the Hamptons or Beverly Hills. It would promote one Chanel fragrance, and hence feature scent discoveries, bottle customization, and giveaways, or one Chanel outfit or accessory, and thus showcase customer tryouts and modifications. The pop-ups should operate during summer, and their mobility ought to allow clients to visit the setup without forming big crowds, schedule appointments through email or text messages, and remain within the confines of their homes. This unforgettable and safe experience is bound to boost sales and in-store traffic.

Hosting a holiday resort would also fit Chanel. The brand must work with recognized luxury hotels and lodges like Park Hyatt and St. Regis to reserve floors and rooms for accommodating customers to share their moments of leisure while displaying Chanel products. The event would be open to the public and feature a photo opportunity of guests wearing or shopping for Chanel fashion and accessories, jewelry, cosmetics, and perfumes. The hotel's scenic surroundings and luxury amenities, including swimming pools, spas, and guestrooms, would provide opportunities for clients to take

photos with exclusive Chanel products that are yet to be released. The activation would distinguish the brand by highlighting attributes that the public aspires to as opposed to emphasizing its most accessible traits.

3. Conclusion and suggestions

This research discovers the great potential of Chanel's heritage and pursuit of adult women consumers. Operating in France for decades offers the chance to be prominent and undo historical harms. Besides, the robust purchasing drives of wealthy adult women appear the most promising for the brand. With Dior, LVMH, Gucci, and Burberry also trying to persuade these buyers using their high profiles, diversity, firmness, and distinct delivery strategies, Chanel must increase its marketing budget, and concentrate on expanding its online space and actively advertising accessories to stay ahead. Moreover, the essay finds the classical boutique store as the brand's most productive outlet, and the web store as suitable for discerning non-fashion luxury offerings. It further establishes actresses Han So Hee and Zendaya Coleman as Chanel's most hopeful representatives due to their multiple talents and firm social networking presence. Finally, steadfast and movable pop-up stores and presenting holiday lodges are the company's most appropriate live marketing events.

Luxury clothing and accessories companies are likely to be profitable today when they engage buyers both online and offline. While conventional, well-designed boutiques offer good opportunities for guests to confirm the messages of commercials and billboards by directly experiencing products and interacting with sellers, e-commerce is equally important since high-end goods consumers are increasingly active on the internet and technological advancements enable businesses to reproduce physical experiences in their web stores. Seeking celebrity endorsements is another suggestion for these companies. These stars wield tremendous sway in the luxury business mainly because they are direct consumers and most luxury consumers value their views and emulate their purchasing behaviors. Therefore, Chanel ought to develop its marketing strategy around these modern spheres of influence in the future. It should blend qualities from its traditional stores with those of advanced e-commerce services and seek luminary commendations to fully persuade today's luxury fashion consumer of its unique offerings and benefits.

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