

# *Research on the 4R Marketing Strategy of Chanel*

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**Abstract:** Background: Chanel is a French luxury brand established in Paris in 1910, It has a variety of categories, all of them with a high level of craftsmanship. In the latest corporate rankings, Chanel ranks high among the world's top 100 brands. Problem Definition: In this paper, considering Chanel's high annual sales and loyal customer relationships, this paper studies how Chanel conducts marketing that balances brand interests and customer relationships. Result: To make the analysis clearer, I used the 4R marketing model. Research has shown that Chanel's high-end and fashionable product line, traditional and innovative brand concept, and meticulous service make its reputation and image highly attractive, better seize market opportunities, and give it a high position in the hearts of consumers, representing identity and wealth, thus making brand interests and customer relationships complement each other.

**Keywords:** luxury brand, 4R marketing model, customer relationship, accurate service

## **1. Introduction**

Chanel was founded by Coco Chanel in France in 1910. Provide high-end products, including high-end clothing, leather goods, fashion accessories, glasses, perfume, cosmetics, skincare products, high-end jewelry, and watches. The most famous ones are perfume and fashion. Always maintaining an elegant, concise, and exquisite style, breaking through tradition is also a major feature. Chanel was also the first brand to launch a cosmetics and ready-to-wear collection. With its unique design philosophy and high-quality products, Chanel has become a globally renowned luxury goods. In this paper, I studied how Chanel maximizes its marketing strategies for customer relationships and brand benefits. First, I have researched the relevance between enterprises and customers through products. The result is that the vast majority of consumers are satisfied with the wide variety of products and services provided by enterprises, with many options to choose from. Secondly, I studied the customers' reactions to Chanel prices and the value conveyed by Chanel; research has shown that due to Chanel's elegant, independent, and fashionable characteristics, customers are willing to pay for its continuously rising high selling price. Thirdly, I investigated the subjective relationship between Chanel and customers, mainly Chanel's method of maintaining customer relationships, and finally, I also studied the mutual rewards brought by consumers and Chanel. The research indicated Chanel and consumers complement each other and take what they need, forming a virtuous cycle. The other parts of this paper are structured as follows. Section 2 discusses the summary and analysis of relevant literature. Section 3 analyzes the 4R model, using relevance, reaction, relationship, and reward as the entry point, analyzing the marketing strategies relationship between the Chanel brand and customers

immediately after I have put some suggestions on how Chanel can better build customer relationships. The Section 4 is a summary of the entire literature. And then the next part is about the references cited in the paper.

## 2. Review

My research is directly related to the literature on Chanel's marketing strategies. Yueyue Tao's research shows that Chanel's beauty market not only drives sales but also allows customers to experience the brand, purchase more expensive items in the future, and cultivate brand loyalty with low-cost beauty and skincare lines [1]. It also shows Chanel's ongoing premium is aimed at screening and retaining some high-end customers. The rarity and luxury of Chanel's boutiques will also attract many high-ranking people. Finally, his research shows that all marketing decisions made by Chanel are based on its goals, utilizing products, prices, location, and promotions to gain the greatest advantage. However, his research shows that all marketing decisions Chanel makes are based on its goals, utilizing products, prices, location, and promotions to gain the greatest advantage. Sun Peishan et al. show that Chanel's brand value is a fighter for women's freedom and human rights [2]. Most products do not come into contact with e-commerce, thus saving personal social costs. However, Hanwei Hong thinks that Chanel deleted all her accounts during the rise of e-commerce websites, ignored e-commerce, and sacrificed the opportunity to reach more consumers [3]. Sun Peishan and Wang Zihan both consider that Chanel has a unique personality and style, and they suggest Chanel should carry out inheritance innovation and challenges, use more environmentally friendly materials, and launch more new products [2,4]. Yifan Liu finds the big data model allows customers to easily experience some makeup products, but the quantity is limited [5]. Compared to Chanel's advertisements, they are more conservative, with paper media as the focus, and they will use stories or personal experiences to build customer relationships. However, he believes that due to the increase in the purchasing power of young people, Chanel has become no longer unattainable and has gradually penetrated the middle market. It is necessary to balance the needs of the young group of the brand and maintain the traditional image of the brand. Wanrui Yao thinks that Chanel's appropriate marketing strategy can also enhance customer brand loyalty. Chanel's target customers are in line with the consumption psychology of contemporary independent women, forming a super high degree of compatibility between brand value and customer consumption philosophy [6]. Customer loyalty will increase, bringing Chanel higher income and social influence, and brand value will also increase accordingly. However, he suggested that Chanel increase its online sales channels, conduct targeted advertising campaigns, and try exchanging old for new, appropriately lowering prices to achieve higher annual profits. Moreover, many alternative brands are emerging, lowering prices or developing cheaper products to attract potential customers.

## 3. Analysis

Chanel includes clothing, accessories, jewelry, and watches; the shoppers can wear them or use them for collection. They also have makeup or skincare products; the vast majority of female customers will use them to make their facial features more three-dimensional or their skin more delicate. According to the newest research, Chanel's online and offline sales each account for half the total sales. The local stores offer customized services, and customers can personally see or try products of different sizes and colors to choose their favorite items and prevent buying things that are not suitable for them. Another channel, Chanel's official website, can able to furnish customers with online shopping services, such as new product reservations, virtual try-on, view prices, and checking the product inventory. If they want to purchase one of these products, Chanel will also provide

convenient physical distribution services. In case consumers are far away from the local stores or don't want to go out but still wanna buy Chanel's products, this is a great choice.

Chanel's positioning is a top luxury brand. All of the products in Chanel are more expensive than other normal brands. Nearly 70% of respondents said that when they purchase Chanel products, they will first consider price, especially products with higher prices. The high price allows the brand's products to only target a portion of high-end consumers, which is somewhat unbearable for ordinary consumers, so Chanel's market share is relatively small. Also, Chanel is continuously increasing in price, such as the most elegant bag shape-Classic flap. In just four months, it has grown by ¥10000. A lot of customers think this is incredible. But they will pay for it as usual. The increasing price will only lead to the loss of entry-level consumers, while the high net-worth population will not be influenced by the price to purchase the quantity. Chanel's reputation and image are highly attractive. In the minds of consumers, Chanel represents nobility, elegance, and taste, which has become the main reason consumers are willing to pay high prices. And also, Chanel has been constantly introducing new products and styles, combining tradition and innovation to explore new market areas. The product is made of high-quality materials and exquisite craftsmanship, with every detail carefully polished to ensure the quality and nobility of the product. Using balanced exposure and scarce marketing methods, when people see fineness products, they will think of Chanel's values, such as elegance, confidence, independence, freedom, fashion, and nobility.

### 3.1. Chanel characteristics

Chanel has expanded the brand's influence and visibility through advertising, fashion shows, endorsements, and social media. Compared to other luxury goods, Chanel is more adept at seizing market opportunities and adjusting strategies based on fashion and trends, as well as consumer needs. They have been launching new products at specific periods while also ensuring the design process and materials to maintain the uniqueness of the products and satisfy consumers, which is their first major mission. The makeup department not only packages the products that consumers have paid for but also gives small milliliters of trial packaging as a gift, which is very convenient when outings occur.

### 3.2. Establish VIP customer profile

If they consume anything in Chanel, people can join the membership and become a VIP customer. After joining the membership, the VIP's profile and shopping information will be managed. Firstly, it is necessary to establish a comprehensive customer profile with basic customer information, such as name, age, contact information, height, weight, etc. Secondly, it should include invisible information, such as shopping habits, personality traits, shopping frequency, frequent visits to shopping districts, and other information collection. Finally, the customer's shopping history details will be recorded, such as product details. The accuracy of this information determines whether Chanel can professionally and accurately invite customers in the later stage.

### 3.3. Daily maintenance

VIP classification is important regarding consumption amount, purchase frequency, and loyalty. It divides VIPs into different levels in several aspects. Assign dedicated personnel to regularly maintain interactions for important VIP activities; there is a system during maintenance with the assistance of a unified tool, and the responsible person will record the process and important customer response information. Come down for an easy follow-up.

### 3.4. Communication

The content of customer communication will not only focus on sales but can be diverse. The more obvious the sales motivation, the more likely customers are to develop aversion. Reminders for after-sales wear, like reminding washing and maintenance attention, precaution for storing special fabric clothing, and some emotional topics move, such as birthdays, special holidays, or making new invitations, fashionable information sharing.

### 3.5. After-sale service

Sales will maintain long-term contact with consumers, solve their product problems and needs, and listen attentively to the suggestions provided by consumers. Chanel believes that 20% of customers contribute 80% of sales, so it often carefully prepares afternoon tea and gifts for customers who consume more, as well as many offline activities, such as ordering meetings and prioritizing new products, and even hosting dinners for top VICs to thank them for their high brand loyalty. Moreover, the continuous price increases in recent years have elevated Chanel's status in people's hearts, and many customers like the high level of Chanel's ability to showcase their status.

If customers buy Chanel products, it can bring a lot of money to Chanel and increase social awareness. Chanel will have more funds invested in the development and promotion of new products, and this will become a virtuous cycle, continuously injecting vitality into Chanel. With the development of the economy, in 2022, the economic growth rate of the vast majority of countries will be above 3%, and wealth will begin to be concentrated in the hands of a few people. According to statistics, there are about 560000 billionaires worldwide, each with a net asset of over 10 million US dollars. There are 2140 billionaires, each with a net asset of over 1 billion US dollars. The demand for luxury goods by the wealthy is becoming increasingly strong, and they are willing to purchase Chanel to showcase their wealth and identity. Customers not only receive exquisite products but also the stories behind the products, cultural premiums, and Chanel's high visibility and influence. Moreover, as a top luxury brand, Chanel's high prices and unique brand value will make consumers feel unique and enhance confidence and happiness. At the same time, when using Chanel products, people will cast envious glances and gaze, and people's vanity will also be satisfied. And when Vic attends a dinner hosted by Chanel, people gather in groups and have the opportunity to meet many upper-class people. They will have more resources and relationships and provide connections and ideas for Vic's career, taking them to the next level. And many of them will post their experiences on social media, which is also a good way to promote themselves.

So, in my view, to better build the relationship between Chanel and customers, we can create an app for Chanel and customers only. Customers can anonymously provide feedback and feedback on their online or offline shopping experiences. Employees can improve the product placement or layout based on suggestions to provide customers with a better visual experience. Managers can incorporate customers' ideas into the design and development of new products, which is very friendly to customers who are embarrassed to express their ideas face-to-face with sales but have their ideas. They also have a strong sense of brand belonging and achievement. Chanel can also give consumers who have evaluated a certain amount of points as gifts. When the points accumulate to a certain amount, they will be exchanged for Chanel's peripheral or more exquisite gifts. In this app, personalized push services can be set up based on customers' preferences to avoid wasting time when customers see content they don't like. Furthermore, when introducing a product, salespeople should carefully observe the customer's expression, not for marketing purposes, and adjust their words and methods appropriately. Enthusiasm can infect people around us. Facial language is more important than voice and intonation, and voice and intonation are more important than the content introduced. Customers will feel relaxed and at home. Chanel can also integrate cultural elements from different

countries into its products, targeting customers from different countries and making consumers feel special and refreshed. Some patriotic or interested customers will join in, and their brand loyalty will also increase. The relationship between Chanel and customers will also improve.

#### 4. Conclusion

Based on the whole paper, it can be concluded that Chanel formulates corresponding marketing strategies at the four levels of correlation, reaction, relationship, and compensation, starting from the perspectives of corporate interests and customer relationships, to maximize the benefits of both. Although everyone has a different understanding of Chanel's marketing strategy and brand tone, it cannot be denied that Chanel has unique brand value, exquisite products, meticulous services, and marketing methods that make customers feel more belonging and increase customer loyalty to Chanel. Combining tradition with innovation, meeting the preferences and needs of different customers, and understanding human nature are also important reasons why Chanel has been at the top during its over 100 years of development. Finally, this article hopes that Chanel will use the app to unify customer opinions and classifications, strictly screen sales and products, and make brand prices more fashionable and elegant.

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