

The Analysis of Chanel's Marketing Strategies

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Abstract: The fashion and luxury industry dates back to the nineteenth and earlier centuries. Today, the industry is a multibillion enterprise involved in producing, marketing and selling various products. These include clothes, shoes, jewelry, accessories and luxury goods. Many companies have grown and developed within this industry over the centuries. One of the iconic and renowned luxury brands is Chanel company. This paper will focus on Chanel's marketing strategy, paying attention to aspects of its production line, pricing, market share, and marketing strategies, such as advertising, among other elements. This research will help gain insights into different aspects of the company, especially its role in becoming one of the brand leaders in the fashion industry. The research can provide insights into brand positioning, marketing mix, consumer psychology, and other factors contributing to its success. The research will employ primary and secondary data sources, such as the analysis of company financial and marketing reports and a review of relevant literature. The paper will also use comparative analysis by looking at earlier trends and cultures that have helped shape the fashion industry and the Chanel company. This paper finds that Chanel's marketing strategy is carefully analyzed to differentiate itself from other brands and secure a sizeable market share. Looking at some of these aspects of its differentiation will provide insights into its successes and market domination.

Keywords: fashion, brand, market share, product, Chanel

1. Introduction

Chanel was founded in 1909 by Gabrielle Chanel and is owned and run by Alain Wertheimer and Gerard Wertheimer. The company is famous for its specialization in producing iconic designs and popularizing jersey fabric fashion. Chanel's renowned iconic fashion designs are such as the Little Black Dress and the Chanel suit [1]. With such glamorous inventions, among other incorporated strategies, Chanel still manages to be one of the top global luxury brands even one hundred years after its founding [2]. Some of its products, such as Chanel No. 5, remain among the most popular global perfumes. In 1983, Karl Lagerfeld was appointed as Chanel Fashion Artistic Director (INSIDE CHANEL). In more than 20 years, he uses his creative thinking and sensible eyesight towards fashion to help Chanel sustain the top status in the fashion world. In 2019, the company's financial returns billed at ten billion euros with one of the largest social media following in the fashion industry. With such statistics, Chanel can be flagged as one of the primarily recognized brands to which current and prospective investors and business people should pay attention.

This paper explores different aspects of Chanel's operations, mainly focusing on its marketing strategy. The paper will first explore the brand's history, from its foundation to its strategy towards becoming one of the largest global brands today. This paper will focus on its brand concept and its target customers' choice in relation to the products they produce. The paper will also explore Chanel's production line and pricing and how this has been influenced by the need to tap into their women's target customers [3]. The positioning of their products also contributes largely to their success. The paper will explore how some of Chanel's products have been positioned and presented in a consumer-friendly light to attract a larger audience [1]. In light of this, the company's brand identity formed by its advertising and sailing strategy will also be thoroughly explored. This research will employ secondary research, mainly analyzing already published information on the brand. This paper will analyze annual reports and business journals. It will also employ focus groups, where some typical consumers will help understand the brand from a consumer perspective. Also, social media analytics are employed to weigh the data on social media sites such as Facebook, Twitter, and Instagram. This will help to digitally understand the brand presence and popularity of its target audience. In society, this research will help identify and understand the changing cultural dispositions and preferences of people today, as contrasted with earlier years. Also, this will help people understand how the brand can shape people's perceptions of beauty and fashion.

2. History of Chanel

2.1. Origin

Chanel, born in 1883, did not have a glamorous childhood as her company turned out. Chanel was bereaved of her mother in her early teenage years and was raised in an orphanage by nuns. During her time with the nuns, she learned the skill of sewing, which would define her future life [1]. Having a brief career in the music industry, Chanel soon founded the French luxury fashion house [1]. Her short singing career earned her the name 'Coco'. Chanel's primary motivation for founding the brand was catering to women's diverse tastes, preferences and choices. She planned to bring elegance to the woman as opposed to the then 19th-century fashion that women had to rely on [1]. 124 years later on, the brand prides itself in having achieved one of its key objectives of satisfying the modern woman in her preferences with products such as the iconic perfume Chanel No. 5, and the Chanel bag.

2.2. Brand Concept

Chanel's brand concept is wrapped around the concept of elegance and timelessness. This concept refers to an idea of constant and changing trends over time. This means that the brand, Chanel, is not restricted or tied to a specific timeline [1]. Its fashion trends and diversification surpass time, ensuring that its consumers are kept trendy and stylish. The concept also ensures that its target consumers are differentiated to appreciate the products it gives with respect to quality. This means that the company's target consumers must be willing and able to invest in the brand's products with an assurance of acquiring value for their money. Also, the consumers are assured that the products by the brand will not be outdated over time. Style and aesthetics are one of the main concerns of the Chanel brand. As a self-taught fashion designer, Chanel manages to visualize her brand, making her one of the wealthiest and most independent women by the late twentieth century. This built a name for her, and she used this to tap into a unique style, specializing in accessories. Her choice to major in accessories is also very unique and calculated. The brand understood that accessories can be more affordable than clothes, targeting a larger audience than the latter. This is one of the concepts that led to the envisioning of the legendary Chanel N.5 perfume. The perfume is designed to be a rare product to imitate or reproduce. This, among other factors, is how the product has managed to be one of her top-selling and revenue-generating products.

3. Product Line and Pricing

3.1. Product Type

In this, different focus group participants understood Chanel as a brand and its products. This is compared to the literature obtained from various online sources. Most of the participants listed several products that Chanel deals in. The most common were perfumes, accessories, and bags. Other products that Chanel deals in include make-up, leather bags, women's wear, tailored suits, skin care products, glasses, etc. For all these products, brand positioning has played a significant role in the marketing and popularizing the products. Her products, such as the Chanel N.5 perfume, have primarily been popularized through celebrity identity. For example, the perfume used by Marilyn Monroe is identified by her quote, "I only wear Chanel N.5 to sleep." Such identity has created the immortal brand identity of Chanel perfume [1].

Besides women's products, Chanel has also ventured into producing some men's products, such as men's perfumes. However, with its specialization in women's clothes and their independent identity, Chanel has not ventured into the production of men's clothes. This is not common knowledge since most participants did not identify with men's products. While this might be a potential market for Chanel, this might affect the brand identity and consumers' perception and attitude towards the brand [4]. Most consumers identify the brand as a women's brand supporting independence and the growth of women [1]. Therefore, introducing a male fashion line might affect consumer attitudes. In this case, the brand benefits mainly from its consumers' affective attitude.

Only 38% of the participants in the focus groups identified and followed up with the latest trends and products of the brand. In this group, a few identified with the new Chanel make-up line recently introduced in the market [3]. The new product is not advertised through broadcast media and is only seen in magazines or first-class cabins. This goes a long way to show that the company does not target a broad market but only focuses on specific consumers or target consumers. The larger percentage only dreamed of acquiring Chanel products, a high-end brand.

3.2. Price and Targeting Consumer

70% of the participants argued that they did not follow up on Chanel's products since they are costly and cannot be afforded. This shows Chanel's success in identifying and tapping into a specific target consumer. Although not exceedingly high, the prices of Chanel's products only attract a particular consumer group, which is also essential in protecting its brand image. Chanel consumers are primarily fashion-conscious and appreciate luxury products serviced by their high-income levels [3]. With this carefully selected target audience, Chanel ensures that it can increase the prices of its products with the likelihood of its consumers still purchasing them. Consumers are loyal because they know they can get value for their money with quality products from Chanel. Also, in pricing its products, the brand considers the product and how much range they intend to reach [1]. For example, the Chanel bag can cost up to several thousand dollars, while the Chanel N.5 perfume can be cheaper even with its global identity. This all comes down to the target consumer.

4. Analysis of Chanel Marketing Strategy

4.1. Market Share

An article by the Digital Journal conducted on the market share of Haute couture showed that Chanel commands the largest percentage of 19.88% [5]. The haute couture market deals with brands involved in creating or making custom-fitted clothing. This sort of fashion is a high-end fit that is exclusively handstitched from start to finish with scarce and high-quality fabric. This, combined with exquisite

details and finished by the most experienced tailors, makes up the haute couture market. According to a 2019 survey, Chanel, leading other brands such as Dior, Armani, and Givenchy, represented the largest market share. This shows the representation of Chanel products to its consumers and its reach.

4.2. Market Distribution

The distribution of Chanel products is limited to its online or offline stores. The brand does not employ agents or other wholesalers to distribute its products. Most perfumes and cosmetics can be bought in online stores, while other products can be found in their online stores. Chanel's sales channels are also restricted to high-end distribution channels [1]. For example, the boutiques in their countries of operation are limited to expensive luxury buildings and malls, where they can easily access their audience [1]. Some examples of Chanel boutique stores can be found at airports in New York, Sydney, Boston, Amsterdam, Dubai, Moscow, and other London-based malls.

4.3. Brand Marketing Strategies

4.3.1. Impact of Brand Concept on Brand Marketing

As mentioned earlier, Chanel's luxury brand concept is built around elegance and timelessness. This brand concept directly contributes to the brand marketing of Chanel's products [6]. The brand concept is reflected in its choice of advertisement pictures. These pictures feature beautifully dressed models showcasing the brand's elegant clothes and accessories. The brand concept also influences the distribution patterns of the company. With its timelessness concept, products from the company are sold at an all-time high price, which helps maintain the brand's image. Similarly, the development of their products is well done to ensure that the clothes and other accessories can beat the test of time. The brand represents high-quality and all-time trendy wear, which only calls for a few adjustments and changes in some of these products. This contributes to the originality of the aesthetic character of its products.

4.3.2. Advertising

For a long time, Chanel has been considered a traditional brand that employed traditional ways to reach its target audience. However, with changes and the influx of the digital age, the brand has also taken stringent measures to ensure that it fits in with modern advertisement strategies. One of its commonly adopted strategies is the use of influencer marketing. This world benefits both the influencer and the brand. For people who are always in the limelight with cameras and millions of followers, how they dress and their products are advertising strategies for most firms. Chanel has used this strategy to market products such as bags, glasses, perfume etc. [3]. Also, social media advertising is a powerful medium for selling their products. Chanel has a vastly grown digital community with a large following on platforms such as Facebook and Instagram [1]. The brand uses these digital platforms to share some of its products and inform its followers about its latest products or any product-related information. Their advertisement strategy is carefully crafted to evoke emotional attachment to the brand's products. The main aim of the advertisements is to create a sense of need (luxury) even when it is nonexistent and not a priority. The desire for luxury drives its sales strategy.

4.3.3. Sailing Strategy

Sailing sponsorship is also one of the advertising strategies that Chanel uses to sell its products. The brand has practiced a partnership with this sport for a long time. In most instances, the brand sponsors

international sailing competitions, such as the America's Cup, one of the most prestigious. This sponsorship and association with a sport such as sailing work to further Chanel's idea of luxury and prestige. Sailing, as a sport, is also considered a high-end luxury sport, which means that its participants are the exact target market for Chanel. Therefore, the brand offers its products and merchandise at sporting events as a marketing strategy. Some of the products showcased at these events include bags, glasses, watches and clothing. This is a smart strategy to tap into a market they need for their products directly.

4.3.4.Brand Identity

Brand identity refers to the specific differentiation of a product from other products. Chanel's characteristic differentiation is made through aspects of its logo, product design and business ethics. The product logo makes the brand's products easily identifiable with the interlocked letter 'C', which differentiates it from any other brand [1]. The brand's concept of elegance and timelessness provides for its iconic products, such as the little black dress and the Chanel suit. Also, its perfumes' fragrance and beauty products' quality accurately differentiate itself from other products [7]. Its staff correctly identifies its business ethics, renowned for its exquisite customer service. The team will ensure that they deliver the customer's requested products in quality and quantity.

5. Conclusion

Chanel remains one of the dominating luxury brands on a global scale. The brand has acquired a unique concept that guides its marketing strategy. This has allowed the company to carefully differentiate itself and its products to cater for its target market. For over 100 years, Chanel has differentiated itself through its brand identity, using elements such as its logo, product design and business ethics. Chanel uses different marketing strategies, including social media advertisement, influencer/celebrity advertising and sailing strategy to communicate to its target customers. Its consumers understand the value they get for the brand's products and are therefore willing and able to offer the required prices. However, the brand needs to focus on the digitization of its operations, giving more focus to the e-commerce world. Future research can delve more into the recommendations that Chanel can apply to ensure a revamp of its brand and consequent profits and increased sales. This can be done by comparing the brand to more current and fastest growing luxury brands, such as Louis Vuitton.

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