

# Chanel's Global Brand Marketing Strategy: Insights from 4P and SWOT Analysis

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**Abstract.** With the continuous development of the global economy, the luxury market has become the second largest market in the world, and Chanel, as a globally renowned luxury brand, has a significant representation. The purpose of this paper is to use 4P to deeply study and analyze the marketing strategy of the Chanel brand in the global market, including product design, pricing strategy, layout of places, promotional activities, as well as the development status. In addition, this paper also uses SWOT to analyze the challenges and opportunities faced by the brand in the global market and puts forward corresponding strategic recommendations, such as adding a unique design to some products, exploring and utilizing more environmentally friendly materials, and optimizing online sales. Chanel can try to incorporate them into its future plans, which will not only help to achieve CSR but also attract more consumers and increase its international competitiveness. For other luxury brands, they can refer to Chanel's strengths and make up for its weaknesses so that the luxury market can develop rapidly and better meet the needs of consumers and the times.

## 1 Introduction

Luxury goods are defined internationally as "a kind of consumer goods beyond the scope of people's survival and development needs, with unique, scarce, rare and other characteristics", also known as non-necessities of life.

With the continuous growth of global wealth, the luxury market has shown growth in recent years. According to statistics, the size of the global luxury goods market in 2022 reached \$146.4 billion, of which \$599.0 billion, or 40.9%, was for luxury cars; \$374.0 billion, or 25.5%, was for personal luxury goods; \$202.0 billion, or 13.8%, was for luxury hotels; and \$202.0 billion, or 7.0%, was for fine wines and spirits. 2022 Global With 5% of luxury brands experiencing positive growth, the personal luxury goods industry is growing at a CAGR of 95%, up 70% from 2020. By 2030, the share of personal luxury sales online will grow to 33%, driven by brand-owned websites and new digital opportunities. In terms of personal luxury goods sales channels, global personal luxury goods sales channels are expected to be dominated by online sales and single-brand chain stores in 2023, with sales shares of 33% and 31%, respectively, followed by department stores and specialty stores, each accounting for 11%.

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In recent years, the luxury industry has shown some development trends, such as digitalization, sustainability, diversity, and personalization. The rise of e-commerce and online sales has driven the digital transformation of the luxury industry, with luxury companies offering virtual showrooms online for virtual visual marketing to enhance the consumer experience. They are also improving production efficiency by building highly automated factories. Meanwhile, consumers' concern for sustainable development has also prompted luxury brands to pay more attention to environmental protection and social responsibility. In addition, the diversification and personalization of consumer needs make it necessary for brands to continuously innovate and provide more distinctive products and services.

This paper will use a case study approach to analyze Chanel as a top brand in the personal luxury market for the purpose of making the luxury market grow further. The combination of SWOT and 4P analysis not only helps Chanel to understand its own situation and the market environment so as to formulate a more accurate and effective marketing strategy to enhance the brand's overall competitiveness, but also to constantly find and solve its own problems. It can also identify and solve its own problems, seize market opportunities, deal with potential threats, realize the sustainable development of the brand, and at the same time better meet the needs of consumers and enhance consumer satisfaction and loyalty. At the same time, it provides a reference for other brands.

## **2 History of Chanel**

A century ago, in 1910, Gabrielle Chanel founded the world's leading fashion house, Chanel, in Paris, France. With her unique perspective on fashion and her innovative spirit, Gabrielle Chanel left a deep mark on the fashion world, such as the launch of No. 5 perfume in 1920, N°19 perfume launched in 1970, and Égoste perfume in 1990, all of historical significance [1]. Nowadays, Chanel has a much wider product chain, which, in addition to fragrances, includes fashion accessories, makeup, skincare, watches, and fine jewelry.

## **3 Analysis of 4P**

### **3.1 Products**

Chanel's products are aimed at consumers who pursue fashion, quality and exclusivity while having a high level of spending. It has always been positioned in the high-end luxury market. Chanel's products are known for their high-quality materials and superb craftsmanship, which stems from its attention to detail and quality of production. The design of its products retains classic elements and constantly incorporates fashion trends, while a large number of innovations give its products lasting appeal and satisfy consumers' demand for individuality and uniqueness.

Chanel's product line is rich and varied and is best known for its core fashion and perfume products, including haute couture clothes, ready-to-wear collections, as well as handbags and fragrances. Among them, Chanel's handbag line is its most well-known product line, including the CF Classic, 2.55 handbag, Boy-Friend series, Gabrielle Tramp Bag, Leboy, Golden Globe Square Fatty, 19bag [2]. These handbags are highly sought after for their unique design, exquisite craftsmanship, and high-quality materials. In addition, Chanel has gradually expanded into cosmetics, skin care products, jewelry, watches, and other fields to diversify its product line. At this time, through the cooperation with other brands or designers, launching limited edition or special series of products that are more attractive to consumers and enhance the brand image to provide support for international competition.

### **3.2 Prices**

Chanel's products range in price from thousands of dollars to tens of thousands of dollars, which reflects its quality while also becoming a status symbol for consumers. The company does not offer any discounts or price reductions like other brands, such as Zara. Because Chanel's target consumers are the young rich and aristocratic generation who love fashion and have high loyalty and strong spending power, Chanel doesn't need to attract them through price cuts and the like. Keeping the expensive price can also increase the brand value of Chanel, which shows the status of consumers. This pricing strategy has enhanced the quality of the brand and also greatly increased the exclusivity of the product, laying the foundation for Chanel's success.

In terms of the pricing strategy, Chanel also used the starvation marketing strategy to increase the scarcity and uniqueness of its products, thus attracting consumers and increasing the value of the brand. Chanel will regularly launch limited edition or commemorative edition products, such as limited-edition perfume, handbags, as well as the limited purchase conditions of these goods, so that the number of these goods is limited and will not be produced again once they are sold out, so as to create a sense of scarcity and urgency and stimulate the desire of consumers to buy. The classic flap bag and Coco handle bag are very good examples. At the same time, Chanel will preview the next season's new products, publicized through social media, fashion magazines, and other channels, triggering consumers' attention and anticipation. This preview strategy can stimulate consumers' desire to buy and create a rush when the products are officially released.

### **3.3 Places**

Consumers can purchase Chanel products on its website, in duty-free stores, and at counters in major shopping centers such as Bloomingdales, Nordstrom, and Harrods. It can give customers more choices in the way they buy, while Chanel provides professional shopping advice and after-sales service so that customers experience a good consumer environment to enhance their shopping experience.

### **3.4 Promotions**

Chanel, a globally recognized luxury brand, has a diverse and effective strategy for promoting its products.

It is publicized in five ways. First, Chanel advertises through traditional media channels such as television, magazines, and outdoor advertising. In the film and television advertising, Chanel spared no expense to create a beautiful myth of the Chanel empire, where there is no product configuration of the pale faction of the introduction; there is no exaggerated bragging about the luxury of celebrities, but to "share the fantasy" as the core of the message of love. Chanel NO.5 perfume is a good example [3]. The advertisements usually utilize elements of elegance, nobility, and fashion to create a unique brand atmosphere and attract the attention of target consumers.

Secondly, Chanel often invites international celebrities, such as Lily-Rose Depp and Timothee Chalamet, as brand spokespersons to expand the brand's image, popularity, and influence through their influence and fan base.

Thirdly, Chanel actively participates in various fashion events, such as fashion weeks, new product launches, and charity dinners. These events not only showcase Chanel's latest products and design concepts but also provide the brand with opportunities for face-to-face exchanges with the media, fashion insiders, and consumers, further enhancing the brand's visibility and reputation.

Fourthly, Chanel pays attention to details and craftsmanship in product design, pursuing ultimate quality and unique design. At the same time, the packaging of the products is also very recognizable, which can instantly identify the style and brand characteristics of "Chanel." This unique design and packaging not only enhance the added value of the product, but also strengthens consumers' awareness and memory of the brand.

Fifthly, Chanel also promotes its products by organizing brand exhibitions and opening experience stores. The exhibitions not only show the history and cultural connotation of the brand but also provide opportunities for interaction with consumers, while the experience stores allow consumers to experience the quality and charm of the products, further deepening their knowledge and love of the brand.

## **4 SWOT analysis**

Chanel as a luxury brand with a long history and global influence has many strengths, weaknesses, opportunities and threats.

### **4.1 Strengths**

Chanel has numerous advantages. Firstly, as a pioneer in luxury perfume and ready-to-wear, Chanel has enough operational experience and a large group of loyal consumers. According to statistics, Chanel's total revenue reached 19.7 billion dollars in 2023, which is about 16% year-on-year growth over its sales in 2022, thus showing its strong marketing system [4].

Secondly, Chanel creates a very strong brand image. It has won a wide customer base with its unique design concepts and superior quality, while creating a deep brand awareness for them. When people think of perfume or bags, the Double C logo, elegance, high end, and other imagery will immediately come to their mind, which is really more successful than some new brands with a high market position.

Thirdly, Chanel followed the trend of not sticking to the rules and had a strong social media influence, thus expanding its market share. In some popular social media, such as Instagram, Facebook, Twitter, and YouTube, Chanel released some fashion boutique short videos, which captured a large portion of the love of innovation and fashion "fresh blood," which injected vitality into the brand and given the company more supporters. According to statistics, Chanel has more than 80 million followers on these social accounts.

### **4.2 Weaknesses**

Although Chanel combines tradition and fashion, it also has some weaknesses.

First, in some markets, it is under-resourced. For example, in China, since Chanel insists on occupying the top position in the global luxury market, all its products have been imported from France since it entered the market. Although this can guarantee the quality of products, it will increase the operating costs and product expenses, which is not conducive to Chanel's competition with other brands in the Chinese market.

Secondly, Chanel's distribution methods run the risk of affecting its image. The brand adopts a variety of channel strategies to distribute its products globally, but the agent channel is one of its important sales methods, especially in the Chinese market. At this point, the agent's behavior will represent the brand's attitude; if encountered, salespersons treat customers poorly; private sales of counterfeit goods and other situations will seriously affect the brand's credibility.

### **4.3 Opportunities**

As times continue to evolve, more opportunities are coming Chanel's way. With the development of the global economy, people's living standards are also improving rapidly, and there are an increasing number of people who are pursuing a high quality of life [5,6]. In such an environment, Chanel as a brand focusing on high-end as well as fashionable products will be highly concerned. Especially perfume, as a kind of high-grade cosmetics, whose market demand is growing strongly, Chanel's market will be broader.

### **4.4 Threats**

Chanel is also facing some threats. The first one is about cultural differences, and differences in the way society consumes. Chanel's products as well as prices are mostly internationalized, which means that the products sold and prices in every country or region are almost the same. However, cultures have a great impact on the demand for products, especially for perfumes, some regions prefer specific plant or spice flavors, but others prefer floral as well as woody fragrances, which can somewhat affect Chanel's competitiveness with local brands. At the same time, there are also differences in economic development between regions, leading to differences in consumption levels and consumption patterns. Chanel has to adapt to these environments as much as the local brands.

Secondly, the competition in the luxury market is very fierce; Chanel is facing competitive pressure from other international luxury brands, such as Dior, Balenciaga, and Gucci. These brands are constantly pushing the envelope in terms of product design and marketing strategies, posing a certain threat to Chanel.

## **5 Recommendation**

### **5.1 Add a unique design**

For the issue of cultural differences, Chanel can appropriately add localized features to specific products, which helps to adapt to the daily habits of local consumers and create a deeper emotional connection with them [7]. For example, Armani's Beijing store uses a lot of traditional Chinese designs, such as Qing Dynasty and Miao embroidery, folding fans, and paper cuttings, which are popular with designers in the country's fashion industry and even more so with Chinese consumers [8]. For example, the international brand Canada Goose once launched a cooperation series with the U.S. environmental protection brand Reformation, which combines the environmental protection, rustic, and fresh style advocated by the Reformation brand with elements such as rustic floral and bright vintage prints used in the design, which has gained the attention of more consumers from all over the world while promoting cultural exchanges [9]. Nowadays, many brands are using this way to enhance themselves, and Chanel, also as a big international brand, can also include this in its future plans.

### **5.2 Explore and utilize more environmentally friendly materials**

As the global focus on sustainability and environmental protection continues to grow, Chanel can further explore and utilize more eco-friendly materials, which not only serves as a corporate social responsibility but also provides consumers with more environmentally friendly and healthier wearing options. For example, Stella McCartney, as a high-end British lifestyle brand, is determined not to use animal fur from the very beginning of its foundation

and is committed to scientific innovation and the environmental friendliness of raw material cultivation [10]. Its products use a large number of environmentally friendly materials, such as ECONYL recycled nylon, organic cotton, recycled polyester. This behavior reduces the environmental impact of the production process and saves resources while attracting a large number of health-conscious consumers, adding to its strong competitiveness.

### **5.3 Optimize online sales**

With the advancement of technology, further optimization of the website interface, such as improving shopping fluency and adding features such as personalized recommendations, can enable consumers to have a more convenient consumer experience, thus increasing sales. For example, NET-A-PORTER, which focuses on luxury fashion items, has a high-end, atmospheric website design and a smooth shopping experience, as well as the ability to utilize big data and artificial intelligence technology to recommend suitable luxury fashion items based on a user's shopping history and preferences, which can inspire consumers to buy, thus boosting sales [11].

## **6 Conclusion**

Overall, the Chanel brand occupies an important position in the fashion industry with its unique design concept, excellent product quality, excellent marketing strategy, and far-reaching cultural influence. At the same time, some of Chanel's weaknesses and threats to it cannot be ignored, such as resource problems, cultural differences and social differences in consumption patterns, as well as the fierce competition in the market environment. In this regard, exploring and using more environmentally friendly materials, increasing regionalization in merchandise, and optimizing online sales are the most direct ways to mitigate or avoid these threats and can also enhance brand image and attract more consumers, so Chanel can try to include these in the development strategy. In the general environment, the future of the luxury industry is full of infinite possibilities, and Chanel has even more potential. Following chains can also refer to its competitive strategy to gain more influence for themselves in this market.

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