

Coco Chanel
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"In order to be irreplaceable one must
always be different"

Coco Chanel

The History of Coco Chanel



Gabrielle Bonheur Chanel is a world known French fashion designer born in August 1883. Since the brand establishment in 1910, the fashion industry has undergone a remarkable metamorphosis thanks to the talented designer known as Coco Chanel. (Nast, 2021) This timeless luxury brand encouraged women in the fashion industry to eschew the costly and uncomfortable clothing—such as petticoats and corsets—that was common wear in 19th-century and replace them with more casual and elegant looks. (Encyclopedia Britannica, 2022)

The Chanel suit, the quilted purse, costume jewelry, and the "little black dress" were some of new iconic inventions created by the designer. (Balde, 2021)

1920 – 1970

Over the years the designer enters different markets such as fragrances in 1921 with her first essence called Channel N°5. The perfume is among the best-selling fragrance in the world even today. (Nikhita, 2022) Later in that decade 1924 Chanel brand releases their first cosmetic collection

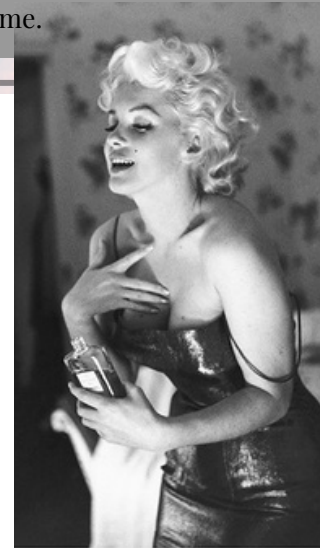
followed by more fragrances and beauty care collections.



(Hill, 2013)

In 1931 Gabrielle Chanel becomes the designer of Hollywood actresses and in 1932 she introduces her first jewellery collection.

There are many ups and downs over the next decades for the designer but she remains a preferable choice among the celebrities at the time.



1910 – 1920

During the first decade of building her empire Coco Chanel manages to progress from hat boutique, well-known by French actresses of the era to the establishment of her first Couture House in Biarritz, France where she employs 300 workers. Back then she designed her first Haute Couture collection. (www.chanel.com)



The Couture House in Biarritz, 1931

In 1912 the famous designer opens boutique in Deauville, France, where she sells female sportswear made from materials previously only used for men's underwear. This extravagant step brings an instant success to the



Coco Chanel in front of her boutique in Deauville, 1913

(www.chanel.com)

1970 – ∞

51 years after her death Coco Chanel is still considered as one of the most famous and remarkable designers worldwide. For 2021 the brand generated a total of USD15.6 billion in revenue. (Statista, 2022)

Products

Drummond and Ensor (2005) describe product as goods, services, or ideas that are being offered for the satisfaction of consumers' needs and requirements. Organisations often use product or market development to enhance profitability and sustain competitive on the market. (Meldrum and McDonald, 1995). Even in the first 10 years after introducing the brand, Coco Chanel already enters different Markets by introducing unexplored clothing materials as to establish stable position on the market as a leader.

Chanel N°5 The infinity



First introduced in 1921 and known as the first product launched under the fragrance category, this perfume is across the best selling perfumes in the world. Initially promoted as "women's perfume which smells like a woman" this scent has sustained as a market leader since its creation.

The blend between unforgettable scent of top notes of neroli, bergamot and aldehydes and base note of musk, vanilla and amber combined with the story which lays the foundation of its creation (BBC, 2011) have led to the success of these such an iconic product.

Positioned as luxurious item this perfume is being popular among the different social classes. (Satzman, 2021) This fragrance set the beginning of a successful brand appearance on the perfume market

Chanel Makeup



Another market that was successfully conquered by the Chanel brand is within the Make up industry.

In the years of pandemic where the whole industry would experience difficulties to even service (CTPA, 2021), Chanel's financial team would comment that the company has managed to demonstrate strong resilience due to stable market gains in key countries. In fact in 2020 when the industry in EU suffers major losses and -4.8% drop (CTPA, 2021), Chanel experienced a strong growth in online sale which could partially offset the impact from the decline of travel retail. (Chanel annual report, 2020)

Products

Chanel 2.55 Handbag

A singular rectangular shape,

Inspired by the equestrian spirit and signature chain of flat metal links for a freedom of movement is how the classic 2.55 Handbag is being described. (www.chanel.com)



In 1955, Gabrielle Chanel introduced the iconic bag with the name of 2.55 which surpassingly refers to the date when the bag was designed. This bag has been so desired ever since it was launched that in 2005 the designer Karl Lagerfeld's, who was a key figure in Chanel's success at that period, relaunched the bag for its 50th anniversary with only slightly adjusting the design. (Emma, 2021)

In 2015, 60 years after its launch the Chanel classic handbag is named as the greatest it bag at all times. (Fury, 2015)
With a design that will be forever trendy and centuries of history Chanel 2.55 Handbag

High Jewellery Collection

Following the tradition of bringing back history Chanel has based their new (2021) high jewellery collection on their original designs from 1932. Ninety years after the first ever High Jewellery collection was introduced to the public, the CHANEL Fine Jewellery Creation Studio uses the classic Bijoux de Diamants pieces as its inspiration to tell a new story.



These rare, expensive, and one-of-a-kind materials and stones go into creating these special, one-of-a-kind pieces assembling beautiful High Jewellery collections. These collectible pieces feature coloured diamonds, larger semi-precious stones, and precious stones. (Jewellery, 2017)

Place

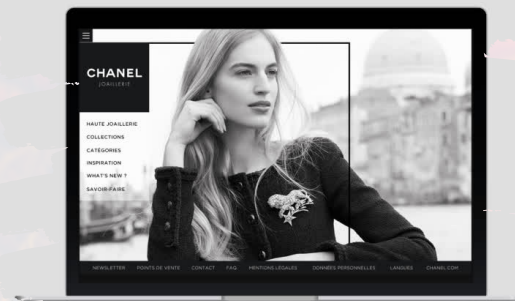


Gabrielle Chanel opens her first physical locations in Deauville, France in 1912. With the popularisation of the brand, the number of boutiques also increases. Today, there are total of 310 Chanel Boutiques around the world, including Europe, North America, Asia, Middle East and Australia. All shops are strategically located in wealthy areas, where just the exclusive customer would easily access.. Apart from the direct sales Chanel also conducts an indirect sales through licensed retailers. Airports, five star hotels and major market retail giants are some of the locations which Chanel brand has chosen to further outreach their target audience.

Chanel in the Digital era

The majority of luxury brands are exclusively sold in a few select locations. Therefore, stylish physical shops and an extravagant customer experience are the method of high class brands to reach directly the careful selected consumers. (Holmqvist, Wirtz, and Fritze, 2020) Customers travel from all over the world to see companies' flagship stores, which are frequently located in fashion capitals. This, in fact, makes the luxurious sector remarkably different from most other business fields and in times where digitalisation play a key role for business survival, exclusive brands such as Chanel have to act in paradox with their positioning. (Wirtz, 2021) Moreover, the pandemic has accelerated the transition from physical to digital shopping experience.

However, the brand has provided customers with the choice of whether to visit a physical location or to place an order online, but the company does not share much about which method is more preferred and profitable to them.



<https://www.chanel.com/>

Price

The essential factor in financial modeling is pricing strategy, which affects the revenues attained, the profits made, and the sums invested in the company's expansion for long-term survival. (Sammut-Bonnici and Channon, 2014) Lack of thorough planning in pricing could result in missed opportunities and wrong positioning of a brand. (Kohl, 2011)

Price is a key marketing element and an important topic of discussion for each company. The pricing strategy for luxurious brands has strong positive relation with perception of the target audience. (Miyazaki et. al., 2005) Brands positioned as luxurious on the market believe that displaying the price could erode brands' perceived quality and uniqueness. (Parguel, 2015) The majority of luxury firms, including the most prominent ones, now have the price of their products displayed in storefronts or online stores in accordance with their shift to online and masstige strategy. (Parguel, 2015) However, for other companies such as Chanel price display is still a taboo and they follow non-display price approach even in their online platform.

In the brand positioning map Chanel could be observed as extremely high quality brand which creates and supplies products for the wealthy society. But not only the high quality products are the baseline for the pricing strategy of this luxurious brand. The history that the brand tells through their products and -advertising campaigns leave also a lead in building brands awareness and therefore higher pricing. (Ni, 2021)



Small Classic
Handbag

Grained Calfskin & Gold-
Tone MetalBlack

Price: \$8,200

www.chanel.com

COCO CRUSH
NECKLACE

Quilted motif, 18K BEIGE
GOLD, diamonds

Price: \$5,500

www.chanel.com



Promotion

As part of the marketing mix Promotion takes an important place where advertising plays a key role. As a paid mass-mediated attempts to pursue advertisement can't take different forms in order to reach the target consumers. With the constantly changing customer needs and requirements companies must act quickly in order to reach their targeted consumer. (O'Guinn, Allen, & Semenik, In their promotional campaigns Chanel uses different approaches called channels to reach out their consumers. TV commercials, short brand history films, magazines, and in recent years social media are among the common promotion methods used by one of the most recognized fashion brands.



Magazines

One of the channels that Chanel has decided to follow is to place advertisements in pricey publications that appeal to the influential consumers who represents their target demographic. Magazines like "Marie Claire" have sway over their market, which consists of professional and independent women.

TV commercials



Short movies that tell stories are the typical Chanel commercials. A tale that blends colours, sounds and emotions is how this exclusive brand use the visual appeal to pursue the audience of selected clients. Feminine and at the same time rebellious Chanel's characters would always remind about the history of the brand.

Similarly to any other luxury brands Chanel often include celebrity appearances to enhance the influence of their promotion campaigns. The famous faces include Margot Robbie, Lily-Rose Depp, Nicole Kidman, Keira Knightley, Kristen Stewart, G-Dragon, Pharrell Williams, Cara Delevingne, Nana Komatsu, Jennie Kim, and Marilyn Monroe.

Runaway shows



The brand yearly presents fabulously designed collections in a breathtaking catwalks. (Nast, 2022) Since the introduction of the first ready-to-wear collection in 1978, Chanel has consistently provided one of the season's most impressive runway spectacles. (Fisher, 2016)

Back in 1920 as a way to familiarise brand's target audience and the new fragrances, Coco Chanel would invite rich people over for dinner and give away free bottles of the perfume. (Regaudie, 2022) Similarly to the yearly catwalks the brand gives their audience personal and physical experience with their fabulous and luxurious items. Today, Between 5 and 6 fashions shows are held each year in the fashion capitals of the world; Paris, New York and London.

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