

ANALYSIS OF MARKETING STRATEGIES OF FOREIGN HIGH-END LUXURY BRANDS IN CHINA - A CASE STUDY OF CHANEL

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ABSTRACT:With the development of China's social economy and the continuous improvement of people's living standard, people to the requirement of quality of life and high-end luxury goods demand more and more is also high, displacement and changes are happening in the present international luxury market, and foreign high-end luxury brands also gradually found the huge potential of China's luxury consumer market in the Chinese market in succession, Explore localized marketing strategies in China to occupy a place in the Chinese market. As one of the most popular international high-end luxury brands in the Chinese market, Chanel has achieved relatively mature development in the Chinese market, but there are still some problems to be solved. In this paper, namely, Chanel, for example, on the basis of the 4P marketing strategy research of Chanel marketing present situation in China, and starting from the internal and external environment of Chanel high-end luxury brands in China marketing influence factors analysis, to find the problems existing in the marketing in China, and accordingly puts forward the corresponding solution countermeasures, In order to provide some reference value for Chanel and foreign high-end luxury brands in China's long-term development.

KEYWORDS:*luxury brands; Chanel; marketing strategy China*

I. INTRODUCTION

Due to the enhancement of China's overall national strength, Chinese residents' spending on high-end luxury goods continues to increase. In recent years, foreign high-end luxury goods have been actively expanding the international market, investing a large amount of money in the Chinese market for product marketing, and the popularity of international luxury brands in developed countries has been rising year by year. China's economic development speed is not balanced, first-tier cities have fast economic development, second - and third-tier cities are also gradually developed, the demand for high-end luxury goods is also rising, foreign high-end luxury goods in the Chinese market has a large space for development. With the increase of the number of brands and the improvement of the cultural level of Chinese residents, Chinese consumers have increased their requirements for products, and their attitude and choice of luxuries have also changed greatly. The pleasure of shopping for Chinese citizens is no longer the possession of luxuries, but the shopping experience. Chanel is an internationally renowned luxury brand, which has gained an excellent reputation over the years. Its design style is simple and elegant, which is loved by women of middle class and above. Since the Chanel brand entered the Chinese market, its sales have been considerable, is the most famous luxury brand in China, in China's rich area is deeply sought after. The success of Chanel in the Chinese market has also attracted a large number of international luxury brands to enter the Chinese market. Foreign high-end luxury brands have a high acceptance among Chinese consumers and have great market prospects and potential.

II. MARKETING STATUS OF CHANEL HIGH-END LUXURY BRAND IN CHINA

2.1 The Marketing Status of Chanel in China

After the emergence of financial credit products such as bai, credit card and so on, the consumption concept of Chinese consumers has changed greatly. Many people with stable income gradually accept the consumption concept of excessive consumption, and these users have become the main consumer group of high-end luxury brands. Consumers buy luxury goods to satisfy their pursuit of taste. As the economic income of Chinese women increases, more and more women attach great importance to the quality and taste of life, and have a high acceptance of luxury goods and a large investment in this aspect. Many chanel brand products mainly serve the female consumers, products meet the female consumers yearning for freedom, the pursuit of taste, this product positioning to attract a lot of the intellectual women with higher income, their understanding

of the product also made very good mating, to open the Chinese market segmentation precision. In the international luxury association of Chinese luxury consumers found that during the process of the research in our country under the age of 45, female consumers of luxury goods to accept degree is high, the group of luxury shopping group, at the same time, this part of the consumer's income is stable, has high degree and good family circumstances, basically belongs to the rich people's region and the middle class.[1] With the increase of the degree of openness in Our country, the acceptance of foreign products and culture of young people is very high. The main marketing model of Chanel in our market is freedom and nobility, which has received a good response in our market.

2.2 Current Situation of Chanel's Marketing Strategy in China

Chanel brand is the audience of Chinese female consumers, product design concept avant-garde, unique, more categories, the products covered by glasses, perfume, jewelry and so on. Chanel attaches great importance to product design, beautiful and noble products to meet consumer requirements for personalized products, camellia is the characteristics of Chanel products. The Chanel brand has been developing with the high-end market as its main target. The brand positioning is clear, with elites and high-end as the main development goals. In recent years, the proportion of high-end products in Chanel products has increased significantly. Chinese rich people are very inclined to buy Chanel products, not only to reflect their taste, but also to symbolize class. One of the characteristics of Chanel's products is the rapid replacement of products. There are many products under each series, and the production cycle only takes about 5 weeks.[2] The value of luxury goods is not only the quality and design of the product itself, but the brand premium is also a very important content. The market price is high and the profit margin is large. The designer of Chanel needs to have accurate judgment on the choice of color and material, and it is unique. Chanel's double C logo and camellia flower are both symbols of personalization.

Consumers in different markets have different price requirements. Chanel strictly positions the price according to its market conditions in Asia, Europe, America and other markets, and has a market price department to conduct comprehensive research and analysis on product prices. Increase its dominance in the market. The market price research department also collects the sales of products in different regions, analyzes the changes in sales volume caused by price changes, and analyzes the impact of prices on consumer psychology. At present, my country's market has undergone major changes, and luxury goods are gradually changing from the wealthy areas. Adjusted to civilian areas. Price is an important factor affecting luxury brands, but price is not the key factor determining whether a product is a luxury. A high price indicates the quality of the product is good, and a large amount of raw materials are invested in the manufacturing process of the product. Chanel's commodity prices have undergone major changes in 2015, and the prices in the Asian market have dropped significantly, which has also directly caused a shopping trend in my country. For a long time, Chanel has been the first choice for Chinese consumers to buy bags.[3] Chanel adjusted its prices after 2015, resulting in a smaller price difference of 5% in the global market. Among them, the price in the Chinese market has dropped to a higher degree, and the price in the European market is relatively high. With the increasing maturity of the Chinese market, the sales of Chanel products in China have increased significantly. At present, the Chinese market has become the most important market for Chanel. At the same time, Chanel is actively adjusting its proportion in the international market and deepening Chanel's position in the hearts of consumers, and actively expanding the market and increasing its proportion in the international market. The price reduction of Chanel products is only a temporary strategy. It is a price negotiation from the perspective of long-term interests. The purpose of this approach is to attract more consumers to know about Chanel products and let more people who are interested in buying high-end products consume to provide better service at the same price and improve its competitive advantage in the high-end market.

Chanel is committed to building an international renowned brands, the Chinese market is one of its main markets. In order to open up the market, Chanel established a flagship store in Shanghai, my country in 2009.[4] The price of Chanel products are on the high side, and the products are positioned as high-end market. Therefore, when choosing agents, high-end department stores have always been the main focus. This method is conducive to more consumers with economic strength to understand the Chanel brand and tap potential customers. Chanel brand in order to consider its brand image and long-term development, has not been established in our country joining trader, its products mainly through agents and flagship store sales, the current our country on the market of the large number of Chanel flagship store, meet consumer demand, first-tier cities at the same time, the operation mode of the flagship store also is advantageous to the enterprise management, To a certain extent, it has reduced the management cost of Chanel brand, actively strengthened the cooperation between the brand and e-commerce platform, established online shopping websites, and increased the sales channels of luxury goods. Chanel products meet the requirements of consumes in the high-end market. The location of the flagship store in high-end fashion areas or airports. This geographical environment is conducive to customers' consumption during travel. There will also be magazines related to the Chanel brand on the plane.

Potential consumers strengthen consumers' awareness of the Chanel brand. Chanel's flagship store can also be found in high-end hotels, which is convenient for customers to find the products they need during their stay, or to consume when they treat themselves.

Chanel's promotion method is also unique. Its products do not participate in discounts, but are promoted through other methods: (1) Hunger marketing: Some of the products launched by Chanel are limited edition. They are marketed in advance to attract the attention of users and explain the design concept and significance of the product. A small number of products are conducive to increasing the value of such products. In addition to out-of-season clothing, most products are not discounted, which is conducive to the preservation of product value.(2) Advertising marketing: the marketing focus is placed in top fashion magazines, and celebrities drive their popularity. Traditional media and online media are not paid much attention to, and publicity is rarely carried out through such media.(3) Celebrity endorsement: Chanel cooperates with famous Hollywood actresses to design PREMIEREK gold Bracelet watch with a high degree of individuation, which has attracted great attention once it came out.[5](4) Fashion show: Chanel will invite popular stars to participate in its fashion show, and many stars wear Chanel's clothes. With high-end lighting and stage setting, the advantages of Chanel products are constantly amplified.

III. INFLUENCING FACTORS OF CHANEL'S HIGH-END LUXURY BRAND MARKETING IN CHINA

3.1 Internal Factors

Chanel brand were founded by Ms. Chanel in 1913, the current brand value of Chanel has more than 10 billion, Chanel is involved in a variety of products, clothing, perfume, jewelry are involved, and the production and design of each product is excellent, belongs to the industry leader.[6] The most famous is perfume and clothing, Chanel brand market positioning is a high-end market. The product design style is unique and excellent quality, it has a great influence in the market, Chanel's main style is simple, low-key. This luxury, this new fashion trend has led to the development of The Times.The modern spirit of Chanel brand cannot be ignored, the combination of originality and innovation makes the brand's fashion influence is greater.The fashion industry a rapidly developing industry, Chanel has survived in the highly competitive fashion industry and has been recognized by the industry, which also shows that the culture and spirit conveyed by the brand are supported by many consumers, which is also the main source of Chanel's competitive strength.

With the increase in the variety and number of luxury brands, luxury brands are shifting toward globalization and digitalization. This development trend also forces luxury brands to focus their future development on product service and experience.With the development of The Times, the core competition of luxury goods is no longer only the quality of products, but the service experience brought in the process of shopping. Personalized service is the key to capture consumers.The current luxury goods market in China is moving in the direction of the matured, increased demand for luxury goods, in the brand diversification leads, the Chinese consumer's attitude toward luxury has never understand, don't care for the development of rational consumption, among them, the consumers in one period of time in our country, the main reason for the luxury goods is flaunt wealth, when after retiring from the heat, Cost performance has become the main concern of Chinese consumers, which is the only way to the development of The Times, and also a phenomenon that foreign luxury goods must face in the Chinese market.In Chinese consumer groups, those who can afford luxuries have strong economic strength and can choose to buy luxuries in foreign markets. Therefore, the main reason for consumers to buy luxuries is still the price, and the exchange rate is also the main consideration of these consumers.At present, consumers are less and less tolerant of the price difference at home and abroad, and even most consumers are not willing to buy luxury goods in the domestic market. Shopping experience is another factor affecting consumers.

3.2 External Factors

With the development of the economy, the economic strength of Chinese residents continues to increase, and the purchasing power of luxury goods has increased significantly. According to the existing data, the proportion of luxury goods in my country's market has increased, and consumers' consumption psychology has also occurred. The number of consumers with purchasing power has increased, and the stratification represented by luxury goods has declined. [7] Although the Chinese media have been vigorously advocating the value of luxury goods, Chinese consumers have increased their awareness of luxury goods, and the number of blindly following the trend of shopping has decreased. In the shopping process, they pay more attention to the cost-effectiveness of products and the shopping experience of products.A very important role of luxury goods is to show off their wealth. The conspicuous characteristics satisfy the vanity of some consumers, and at the same time, they can also show their economic strength from a side angle. This feature is especially obvious among the wealthy. Women show off their family's economic background by wearing expensive clothes and delicate

jewelry, which is also a type of wealthy advertising. Some luxury goods do not consider the practicality of the product in the design process, but only associate the product with the class. In the contemporary era of increasing economic income, this design concept is not conducive to the long-term development of luxury brands.

The number of luxury brands in the Chinese market has increased, from the initial few to dozens. The comparison of the products of various luxury goods has increased, and the proportion of products of different brands in the Chinese market has gradually been balanced. International networks and distributors Become the current important luxury sales channel. At the same time, the number of people who travel abroad in my country increases every year, consumers have a more comprehensive understanding of luxury goods, and the ways to obtain luxury goods are also constantly increasing. After luxuries first entered the Chinese market, they represented more status and class. Ordinary people needed to save money to obtain a luxury, while rich people bought limited edition products in large quantities. This consumption concept was different from the original design concept of luxuries. In such a brand new environment, Chanel needs to balance the relationship between its own philosophy and market characteristics, and pay attention to profits while also considering the healthy development of the enterprise. Consumers after shopping people around to show off, meet their own vanity, the behavior of consumers has driven the luxury market popularity in China, the characteristics of consumers is the key to affect consumer purchasing power, Chanel to expand the international market need to increase the attention to this factor, take into consideration of the special social culture in our country.

The luxury market continues to increase in my country, and the number of people buying luxury goods is gradually increasing. With the influence of the Internet on my country's consumption, digital marketing has gradually become an important marketing method, and it is also an important way for enterprises to increase contact with consumers. Consumers Consumer habits will also be affected by technology. The purchasing power of young people for luxury goods will increase significantly, and the number of public accounts and media accounts about luxury goods will increase. The popularization of luxury goods through the Internet also affects the consumption concept of the younger generation. The consumer group of luxury goods is gradually getting younger. Although this is quite different from the original target consumers of luxury goods, with the emergence of financial credit products, the number of young people buying luxury goods has increased, which has great development potential. At present, more than 40% of consumers order luxury goods through Alipay, and the emergence of third-party payment methods affects the changes in the traditional market.[8]

IV. PROBLEMS EXISTING IN THE MARKETING OF CHANEL IN CHINA

a. Poor Quality Pursuit of Superiority

Luxury goods are expensive and limited in quantity, and consumers who choose to buy luxury goods believe that luxury goods are owned by a small number of people. Chanel's main market is the high-end market. Its goal is not to increase exposure to attract consumers' attention. Fans' attention is not the key to the development and operation of Chanel's brand. The late Chanel's creative director Karl once said that the development of high-end brands should be Value its exclusivity. [9] The uniqueness of the Chinese market also causes Chanel to make appropriate adjustments to its marketing strategy when developing the Chinese market. The number of consumers in the Chinese market is relatively large, and the market demand has increased significantly compared to other countries. Although Chanel's products are of excellent quality, there are drawbacks in after-sales and purchasing services, and the emphasis on digital marketing is low, which also leads to its poor competitiveness in the Chinese market, compared with Louis Vuitton, Burberry and other luxury brands. There are still some problems that have not been well resolved The main reason for this phenomenon is that Chanel does not pay attention to the competition between the same industries. There are many luxury brands in my country's high-end markets, not only Chanel. At the same time, my country's consumption culture is quite different from that of developed countries. , and cannot be analyzed individually. At present, the sales channels of Chanel products are too conservative, and consumers have limited channels to receive information. The blockage of information will directly prevent consumers from being able to understand the replacement of Chanel products in a timely manner, thereby affecting the sales of its products.

b. Consumer Price Demands

As far as the pricing of Chanel handbags is concerned, it is not difficult to find that the pricing of Chanel products is obviously high in the entire luxury market. Chanel's marketing concept believes that high-luxury products are collectible products, but this concept is completely different from the consumption psychology of Chinese consumers. With the improvement of my country's economy, in order to seize the market share of my country's high-end luxury market, many luxury brands have chosen to reduce the price of goods to attract consumers. There is a difference between the marketing method of not discounting Chanel products and the requirements of the current market. larger difference. The main reason why Chinese consumers buy luxury goods is to show off their wealth. These consumers have strong economic strength and do not mind buying

luxury goods from foreign markets. Therefore, consumers are very price-sensitive and cannot tolerate product pricing in the Chinese market. Higher than the foreign market, the phenomenon caused by this problem is that the number of high-end luxury products purchased by Chinese consumers from foreign markets is much larger than domestic ones. It can be seen that the current price strategy of Chanel is not suitable for the Chinese market.

c. The Low Matching Degree of Online and Offline Channels

Chinese high-end luxury consumers' demand for products is mainly based on high quality, requiring convenient and diversified consumption channels. At present, the matching degree of Chanel's online and offline channels is not high enough to meet the channel needs of Consumers in the Chinese market. In offline channels, Chanel mainly adopts the agency mode to achieve direct offline interaction and communication between sales staff and consumers, so that consumers can get personalized service and a certain sense of superiority for offline consumption. Due to the lack of franchisees in the Chinese market, Chanel only develops offline sales with limited agency channels, which is difficult to the offline experience needs of all consumers. However, in online channels, Chanel only has fixed official website channels, and lacks publicity and support from third-party websites, resulting in its radiation scope and influence is difficult to achieve breakthroughs. Although this exclusive shopping channel can maintain Chanel's sense of authority, it also reduces the shopping channel, reduces the brand radiation and publicity, and fails to make full use of the huge consumption potential of the Chinese market.

V. CHANEL HIGH-END LUXURY BRAND MARKETING STRATEGY IN CHINA

a. Strengthens the Sense of Superiority in Quality Pursuit

Chanel has very high requirements for its design department. The employees hired have very strong strength and experience level. A strong and creative company is the key to ensuring the long-term development of the enterprise. At the same time, Chanel has always attached importance to the uniqueness of products in the creation process, which is also the key to support Chanel to become the industry leader. Unlike Louis Vuitton and Burberry, Chanel was founded by Madame Chanel and then struggled to establish itself in the luxury market. Product characteristics are the key to brand profitability. While improving profitability and obtaining higher value, enterprises need to take this feature into full consideration, and how to increase the innovation of products, improve the difference between their products and other luxury brands, and increase the uniqueness of products.

Chanel opened the exhibition in Chengdu in China in 2020, and actively invited Ou yang Nana, Zhang Xinru and other well-known domestic female stars to participate in the activities.[10] This is the first time the Chanel in the first-tier cities large-scale activities, Chengdu currently only a Chanel store, compared with cities, Chanel's emphasis on the first-tier cities significantly lower, but the appearance of the activity that Chanel has been attaches great importance to the consumers of the first-tier cities in our country, this for Chanel brand in our country the development of the market has a great influence, This is also a very correct decision, which is conducive to improving the understanding of Chanel brand among Chinese consumers and increasing the popularity of Chanel in the Chinese market. The main reasons for Chanel to actively develop consumers in non-first-tier cities in China are as follows. With the development of China's economy, consumers in non-first-tier cities have increased their economic income and can afford high luxury products. Most consumers in first-tier cities choose to buy high-luxury products from foreign markets, while the sales in local markets are low, while consumers in second - and third-tier cities have a higher willingness to buy high-luxury products locally. Consumers in first-tier cities gradually have a rational consumption view of luxury products, while consumers in second - and third-tier cities have a serious blind consumption and shopping psychology to show off their wealth. Meanwhile, luxury products have a large purchasing power in non-first-tier cities.

b. To Meet the Demand of Consumption

Since the increase of trade between China and neighboring countries, China has actively set up pilot free trade zones in first-tier cities, which has attracted a large number of Chinese consumers to shop here. Moreover, duty-free shopping in Hainan, Sanya and other regions is deeply loved by consumers. In order to meet the market demand, the procurement service industry was born.[11] Chanel and other luxury brands should increase the product services and publicity efforts in free trade and duty-free zones, reduce the impact of pricing strategies on their sales, and increase the market share of Chanel products in The Chinese market through lower costs.

The third-party payment platform develops rapidly in China, and gradually affects the development of China's market. The emergence of e-commerce platform also leads to great changes in the shopping mode of Chinese consumers. Although this part of China's development time is late, but its degree of development is not inferior to that of developed countries. Ali-pay, a major third-party payment platform, offers services such as sweepstakes or cash rebates for expensive purchases, which lowers prices to some extent. Chanel's marketing

strategy is not to discount, so in the future development process should increase the cooperation with the third-party payment platform, through the invisible way to attract consumers, give more points or coupons, this way to give consumers more concessions at the same time to ensure the product pricing.

c. Promote the Integration of Online and Offline Channels

By the end of 2021, Chanel has 66 offline boutiques in China, with an average annual investment of \$670 million. In order to increase brand influence, Chanel has continuously increased investment in products and stores, developed personalized service projects, and increased publicity efforts for specific customer groups. [12] From the perspective of online channels, Chanel can increase third-party online website platform channels, cooperate with various high-level websites and third-party platforms, and publish sales channels on major portal websites. At the same time, it will continue to maintain its high-end luxury positioning, continue to publish advertisements in large fashion magazines such as Harper's Bazaar, as well as on the homepage of major websites and APPs, and use hot spots to invite superstars such as Gu Ailing to do endorsements. In addition, Chanel should combine the characteristics of the current era of youthful and digital luxury shopping, use high-end technologies such as VR, and add VR virtual makeup and other experiences to online website pages to attract more online consumers and tap more potential Young customers.

Chanel should also pay attention to the linkage between online and offline channels, subdivide consumers of different ages and consumption preferences, and use WeChat public platform to clarify customer segmentation to promote the cohesion of online and offline channels. The WeChat public platform is a tool to realize the interaction between luxury brands and customers, and it is also the best choice for managing customer relationships, mainly because the WeChat public platform is the most widely used platform in China, with more than 438 million monthly active people, which includes the target group of the most luxury brands. [13] Moreover, the WeChat public platform has selection and screening functions. Compared with Facebook and Twitter, which are widely used abroad, users can filter out other marketing information and choose to receive the content they are willing to consume. The platform also only displays specific content to both the brand and the interactive audience, which protects user privacy, thus allowing the audience to feel the superiority of exclusiveness, creating an incentive to visit the official website and offline stores, and making social media a luxury brand in the Chinese market.

VI. CONCLUSION

China's luxury market is very unique. Chinese consumers are willing to spend high prices to buy more personalized products, but they are not willing to accept a large market price difference. Many Chinese consumers are in the process of balancing their interests. cautious attitude. Chinese consumers have always been more sensitive to prices. When the prices in the mainland and overseas markets are quite different, most Chinese consumers will choose to buy luxury goods in foreign markets. Under the condition of the same price, Chinese consumers tend to buy luxury goods through official channels, which can guarantee the products are "authentic" to the greatest extent. As more and more luxury brands enter the Chinese market, consumers are more selective. At present, Chanel's marketing strategy is not fully applicable to the Chinese market. Chanel needs to analyze the actual situation of Chinese consumers and actively formulate corresponding measures. Marketing policies to increase consumer brand loyalty to Chanel.

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