

# Research on the Marketing Strategy of High-end Luxury Goods

-- Taking Coach and Chanel as an example

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**Abstract.** This paper aims to study luxury brands' marketing strategies, taking coach and Chanel as examples. Because coach and Chanel belong to two levels of luxury brands, choose coach and Chanel as examples to study marketing strategy because marketing strategy is the most important part of luxury brands. And this paper chooses to study the marketing strategy from all aspects of the brand and, finally, get the different marketing strategies. Compared with Coach, Chanel is a top luxury brand. This paper studies the differences in marketing strategies among the two brands at different levels to infer what kind of marketing strategies can get good development. The relevant conclusions can help different brands or companies develop better, promoting social and economic development. This study chose to promote the whole article through investigation and online access. Through investigation, comparison, and summary, this paper finds that Coach and Chanel have different marketing strategies. The two luxury brands have chosen different marketing methods due to their differences in development history, brand image, and current situation, which is also the reason for their hierarchical differentiation.

**Keywords:** Marketing Strategy; High-end Luxury Goods; Coach; Chanel.

## 1. Introduction

### 1.1 Research background

Chanel's brand value far exceeds that of Coach. Chanel's brand value is about 13.7 billion US dollars, while Coach's brand value is only 6.81 billion US dollars. Therefore, it is concluded that Chanel's brand value far exceeds that of the coach. By comparing with Chanel, we can find the defects in all aspects of the Coach to improve the brand value of the coach. This research can improve the coach's sales strategy and improve the coach's development. More people will pay attention to and accept the brand's products. Chanel was founded in 1910, and Coach was founded in 1941. In just 31 years, the Chanel brand has done a great job. The establishment time of the two brands is not much different, but there are clear comparison results, so this is the importance and necessity of the research topic in this article. Coach has always had durable quality and exquisite craftsmanship, which has gained a good reputation in the market. It's fashionable and innovative style and traditional methods are also popular among consumers. Coach has been Japan's fastest-growing brand of imported leather goods and accessories. In the United States, Coach has been named "the most ostentatious brand" by the famous fashion magazine LUCKY. In Yahoo! in the auction search, netizens most frequently inquired about LV, Coach, and Gucci. Compared with the other two brands, Coach hasn't reached such a high level, and it also can reveal Coach's Commercial value.

### 1.2 Literature review

There is no need to repeat the strength of brand value. The most critical is how to highlight brand value or what factors determine brand value [1]. We can find Coach's shortcomings by comparing Channel's marketing and other links. The growth of the luxury goods market has entered a bottleneck. The luxury goods market has grown at 20% [2]. Even in 2008, when the economic crisis spread in 2009, it maintained rapid growth [3]. Research shows that the strategic focus of Coach Hand Channel is still different in establishing brand value and marketing.

### 1.3 Research gap

As for the marketing strategy research of high-end luxury goods, we added a condition later: to compare the well-known luxury brand Chanel with Coach. This topic is based on the luxury industry Coach brand's status quo and marketing strategy optimization research. We can find a rule by reading a large number of relevant literatures. Most scholars and paper authors generally choose the research direction of a single well-known brand, such as "Analysis of Positioning and Balance Strategy of light Luxury Brand Coach" or "Luxury -- Marketing Strategy: Take Chanel as an Example". They also choose to summarize and analyze most luxury products from a macro perspective, such as in the paper "Research on Luxury Brand Marketing Strategy Based on Lifestyle" and "Analysis of Luxury Positioning Strategy in the New Luxury Era". They rarely choose to compare two or a small number of brands, which is also the research director of a few scholars or some literature authors. Some articles study the multi-aspect comparison of individual luxury brands or focus on marketing strategy, market positioning, and image design. In one aspect, several completely different luxury brands are compared and analyzed. This is also the research direction chosen by this article, which compares the marketing strategies of the world's top luxury brand Chanel and the light luxury brand Coach and studies some similarities and differences between them.

### 1.4 Research framework

This paper will analyze the two brands one by one. First, this paper analyzes the internationally well-known brand Chanel, analyzing the development history of Chanel, Logo, brand image, and design idea through the four main aspects. Then, by querying the Chanel marketing strategy of some related literature, sum up Chanel's marketing strategy in these years by developing some changes. Then the second point is, by analyzing the light luxury brand Coach, in the same way, we can also summarize the changes in Coach's marketing strategy. Thirdly, the four aspects of the two brands, Chanel and Coach, are compared and analyzed to analyze the similarities and differences in their development history, Logo, brand image, and design ideas. Then, the comparative analysis should be conducted based on the previously summarized marketing strategies to find the similarities and differences of marketing strategies in different periods. And then analyze the advantages and disadvantages of these two luxury brands because of such marketing strategies, as well as the subsequent development caused by them. Finally, the marketing strategy is again summarized through these multi-level and multi-angle comparative analyses.

## 2. Methods

We can understand the impact of different marketing strategies of Chanel and Coach by investigating people of different ages. The first is the physical survey. We choose the cities of the countries where we live and play. There we can find local Chanel and Coach salesmen and ask them about the products customers of different ages will choose to buy. Or observe and ask customers of different ages about the products they are willing to buy. The second is the online survey. We use major websites such as Baidu Encyclopedia, Google, and Twitter. People worldwide are asked about their age group through these websites. What kind of products will you choose, Chanel or Coach? This method can collect more data and better compare the results of different marketing strategies used by Chanel and Coach. The last method is to query the data of the official website and major websites on the Internet. This requires us to read a lot of literature and query many website data. We need to browse the literature written by different people, observe different results, and conclude our conclusions.

### **3. Results**

#### **3.1 Development history of Chanel**

Chanel was a shop opened by Coco Chanel at No. 160, Avenue mareschel, Paris, in 1909 [4]. Then she launched Chanel's business of hats, dresses, casual clothes, and so on in a short year. With the development of Chanel's business, Coco Chanel was not satisfied with the fashion business of hats, so she began to study advanced custom series. In 1914, Chanel opened two fashion stores, and the fashion brand Chanel was born. In 1921, Chanel's first perfume was launched. From 1924 to 2016, Chanel constantly innovated and launched cosmetics, clothing, lace-up shoes, jewelry, and other accessories. Chanel has also been distributed worldwide, and many series have won unanimous praise. Some have been included in the Museum of modern art in New York and listed as permanent collections. At the same time, Chanel, a luxury brand, has become a world-famous brand.

The Coach was founded in 1941. The founders of Coach, Miles and Lilian Cahn, found that baseball gloves became softer and softer as long as they were useful, and applied this trait to other leather products to create the Coach brand. American consumers love coach's good and durable leather. By the mid-1990s, Coach had become the first brand in the US market, and its turnover had reached \$500 million around 1995. The Coach was founded in 1941. The founders of Coach, Miles and Lilian Cahn, found that baseball gloves became softer and softer as long as they were useful and applied this trait to other leather products to create the Coach brand. American consumers love coach's good and durable leather. By the mid-1990s, Coach had become the first brand in the US market, and its turnover had reached \$500 million around 1995. Coach's design philosophy blends an innovative fashion touch with a modern American attitude. Coach insists on the highest level of craftsmanship in every product. Coach products are carefully designed for size, shape, pockets, and lacing. Coach uses the double stitch technique for all stitches. The selection of product logo design decorations and traditional hand-finished technology add a new style, quality, and character to each Coach product for a long time.

##### **3.1.1 Design concept of the Chanel logo**

Chanel's Logo is a sign of double C. Its meaning is simple and easy to understand. It originates from its founder Coco Chanel [5]. In order to commemorate it, Chanel chose two C's in her name. The two C's have two meanings: the first one depends on the name, and the second one is to be a different self, which means that women are two-sided. This Logo shows not only a pattern but also a spirit. Chanel greatly impacts women, not just a vein of fashion trends.

##### **3.1.2 Chanel's brand image**

Chanel, as a luxury brand that tends to be feminine, mainly focuses on women's clothing, as well as clothing and cosmetics [6]. However, whether it is clothing accessories, perfume, or other cosmetics, the Chanel brand has created a noble and elegant image of women. This is his main publicity image. Chanel attaches importance to promoting personalized image and connotation and gradually cultivates several brand followers. Chanel is also very clear and aware of its brand image positioning. He knows his core values and extends the brand as much as possible within the brand capacity, supplemented by full brand communication. However, in the end, it can better expand its influence.

##### **3.1.3 Chanel's design concept**

Chanel's design philosophy is mainly exquisite, elegant, and simple [7]. It is simple but not poor. It is a little gorgeous in its simplicity. At the same time, it is practical but does not lack women's beauty. Chanel's emphasis on smooth contours and comfortable materials is regarded as the basic dressing philosophy of fashionable women. This is also the core of clothing design. It emphasizes the advantages of the body through cutting and proportion to make the wearer more attractive, which runs through the whole design principle of Chanel.

## **3.2 Chanel's current marketing strategy**

### **3.2.1 Product elitism**

The unique charm of Chanel products makes many people yearn for it, but the high price makes ordinary consumers stop here. However, the brand's positioning has become increasingly elitist and even expanded the luxury series. Chanel's brand has been at the top of luxury brands, and high quality and high price are the only way to maintain its image and value [8].

### **3.2.2 Brand rejuvenation**

The goal of the global president of Chanel company, Mu Linqi Kate, is to improve this powerful brand by pleasing the new generation of luxury buyers. It adopts the rare consumer-oriented development strategy of luxury retail and draws on some experience of the gap, which furthers Chanel's marketing. In addition, the cooperation with the famous designer Carl has created a great brand value.

### **3.2.3 Occupy emerging markets**

With the downturn of the western social economy, the luxury goods industry has been hit hard, and the emerging markets represented by Russia and China have become sales growth points. And the designer Karl, through penetrating Chinese and Western cultures, thus seizing the opportunity to open up new markets.

### **3.2.4 To maintain a noble channel image, Chanel's main marketing means is in the form of boutiques**

For example, there are more than 120 Chanel boutiques in various cities in the United States, which is the best example. This management channel strategy can stably reflect Chanel's top quality and unique characteristics, which largely maintains the high-end brand value of Chanel's top old luxury brands.

### **3.2.5 Reinforce elements into their product design to strengthen Coach's unique brand image**

At the same time, the Coach should also control the production process and improve the craftsmanship to delivery. The exclusive product quality makes the Coach leather wear exclusive touch. The marketing goal is to deepen the brand impression of Coach for the target group and promote the conversion of mall orders. Brand categories include portals, fashion, cars, women, mothers and children, lifestyles, etc. Global retrieval of product page visitors - In-depth code cooperation with Coach to mark product page visitors from all channels. When this part of visitors appears in any bidding environment, the new DSP obtains exposure opportunities through a high premium and delivers dynamic optimization materials to them. The highlight of the strategy is too fine-divide the target audience and recommend personalized materials in an allowlist environment.

## **4. Discussion**

### **4.1 Comparative analysis of Chanel and Coach**

#### **4.1.1 Different product lines**

Compared with Chanel, Coach was established much later, with a difference of more than 30 years, which also gives Chanel more development space and advantages. The initial products of the two brands are also different. Chanel started with hats and clothing initially, while Kouchi started to produce the most popular leather in that era. The two luxury brands have carefully designed their products. Chanel is based on the outstanding advantages of people's bodies, while Coach uses double stitching and technology to choose traditional hand-made technology.

#### **4.1.2 Different marketing strategies**

Chanel and Coach also have different marketing strategies. As a top luxury brand, Chanel has a long history of development, so they have a variety of considerations in marketing strategies, and

each has been implemented in place. Chanel will consider all aspects of products, brand image, and market and formulate development goals. He can complete it more widely because Chanel is already at the top of the luxury brands, so they only need to optimize their products. And their global president, mulinqi Kate, is also very intelligent, has put forward several quality strategies and signed a contract with the famous designer Carl. All these are the reasons why Chanel has developed so well. The marketing goal of Coaches is relatively clear: to make breakthroughs point by point. For example, he will pay more attention to the target group and Coach chooses to deepen their brand impression. Start with materials in multiple product categories [9].

#### **4.2 Problem identified in Coach's marketing position**

Coach an American light luxury brand recently. Fired more than 150 employees. Hoping to maximize resource adjustment and management. The spending rates and prepare for a change in fashion positioning. As Coach shifts to public fashion, prices naturally tend to decline. Well, through the data of all parties, it can be shown that Coach sales are very successful, especially in China. First, Coach handbags account for one-tenth of US exports, and Coach sells American luxury goods in China. The first one. Moreover, Coach sales in the Asia Pacific region have increased by 42% in the past decade from 10%. Sales in China account for half of it. Although Coach has many advantages and advantages. But no brand can be perfect, and Coach is certainly no exception. As a coach, the salesperson found a problem during the period of contact with this brand. That is, the sales volume of Coach is very good, and the output is very high. Because of this, the mass production of Coach is serious, resulting in some artistry problems. Although every brand has minor problems with artistry, in the past six months of internship, Coach has obviously found more minor problems than other brands. Moreover, some consumers will also feel that the mass production of Coach is so serious, and the details are not as good as some brands with a long history. Another is the positioning of COACH's civilian luxury goods. Although this positioning is very good, civilians and luxury goods are two words that people can't be connected to. Especially in the Chinese market, many consumers may think that affordable prices are of low quality [9-10].

#### **4.3 Advantages of the Coach brand and product**

The advantages come from the brand and the product itself. Coach's advantages come from products and brands. The first is the advantages of the brand: First of all, Coach is a group subsidiary with strong backing and financial support. In addition, Coach's popularity in China is unavailable to other brands. The second is the leather price of Coach. As the name implies, the quality of Coach is very good, but the price is very affordable. Coach is also a world-renowned sports event with Coach as the official designated brand. Undoubtedly, this adds points to Coach. Make the audience more trusted by consumers. The second is the advantage of the product: Coach has a unique diversified product line, and Coach's diversified products make Coach products popular with people of different ages, classes, genders, and hobbies. In addition, all styles of Coach are native to the United States and use purebred cowhide, cross-grain cowhide, etc. Moreover, Coach only uses top leather, which increases customers' trust in Coach.

#### **4.4 The trend of Luxury brand marketing strategy optimization**

##### **4.4.1 Steering effect driven**

Against the backdrop of epidemic prevention and control, luxury companies are paying more and more attention to the actual business results brought by marketing, and the investment in effective marketing is increasing daily, and luxury brands are no exception. Many international luxury brands are accelerating the effect of media releases. Under the effectiveness trend, brands need to pay more attention to active, interactive media such as search and accurate feedback on the required information when users actively search to seize the opportunity.

#### 4.4.2 Accelerate full-chain deployment

In the post-epidemic era, digital media traffic peaked, and mainstream digital media platforms accelerated co-competition and entered the middle stage of ecological construction. Luxury brands must complete the full link deployment of brand marketing in all mainstream ecological platforms.

#### 4.4.3 Strengthen the construction of contact points of information Bridges

In the context of the sharp rise in the price of digital media in the global media market, luxury brands are bound to increase the budget of media or IP content cooperation to balance the delivery cost while strengthening effective media delivery. As the media most close to the starting point of consumer demand, search engine plays a role in sales transformation, connecting brand and effect marketing contact information. It is a contact point that needs to be further strengthened.

### 5. Conclusion

#### 5.1 Key findings

With the rapid development of China's economy and overall consumption level rising, the luxury consumer groups have grown rapidly, which has attracted the world's attention. At the same time, with the rapid development of China's netizens, more and more people are inclined to purchase products via the Internet. Should luxury goods consider occupying this potential market? How to enter this huge market? This paper starts with the luxury goods concept and describes the market. Analyzed a certain famous luxury brand COACH by dominance analysis and

weakness analysis, also analysis environment of internet marketing by internal environment, external environment opportunity and threat. At the end of this paper also conceived the online business strategy for luxury goods and markets.

Chanel and Coach have a lot in common in many aspects. Compared with a long-established luxury brand like Chanel, there will be more controversy about light luxury brands such as Coach. The price of a light luxury item will not be as prohibitive as Chanel's, so many people will think that light luxury is for vanity and to support the scene. Some light luxury goods with good quality and reasonable prices improve young people's quality of life. A better spiritual outlook does not mean that people's spiritual world is fragile enough to need material things to support it. Still, many surveys know that wearing light luxury goods can be better reflected in life and work. The high-quality details of life will also give people a better impression. Some young people who don't like fast fashion or fashion brands can also meet their fashion needs relatively cheaply. Therefore, the issue of buying light luxury is vanity cannot be concluded by generalization and recklessness, and everyone's choice should not be criticized.

#### 5.2 Limitations

Chanel's specific sales in the world and countries, and Coach's specific sales in the world and countries, there is no accurate data, and there has never been a survey, which cannot be accurately compared. Future research can obtain first-hand information through questionnaire surveys and interview with consumers who buy luxury goods and luxury stores to ensure more authentic and reliable data

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