

Brand Audit Of Chanel



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Submitted By:
Sudeshna Thapa

Submitted To:
Gidraph Michuki

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1. Background of Chanel and What does it do?

Chanel is one of the oldest and most established luxury fashion brands in the world. It was founded in 1910 by Gabrielle “Coco” Chanel in Paris, France. Although it started out as a small fashion hat shop in France, Chanel slowly and gradually grew to become an internationally recognized luxury fashion brand in the world. It designs and sells various fashion items such as haute couture, ready to wear clothing, handbags, fine jewellery, eyewear, and fragrances and cosmetics.(Okonkwo, 2016).

Many fashion items designed by this brand have turned into timeless fashion symbols; and remain the focus of the brand’s identity till date. Chanel No.5, the world famous perfume which was introduced in 1921, is the most famous and desired perfume in the entire history. The tweed suit, designed by Chanel, is the most popular suit around women who longed for a stylish, elegant yet comfortable way to dress. And the quilted 2.55 handbag launched in 1955 is the most high end luxury bag to this day (Kapferer, 2012). All these popular products of Chanel show its philosophy of fashion which has to be simple, yet elegant, and gets remembered and valued for generations.

The brand heavily appeals to wealthy consumers who value being simple yet elegant, having a subtle status, and carrying an aura of exclusivity. Chanel's core customers had always been the high income women. However, in the past two decades, Chanel has started to reach younger luxury seeking buyers through beauty and fragrance by giving an affordable entry point without necessarily having them to buy either the couture or leather products. This strategic move came out as a bold step to build long-term brand loyalty among future luxury consumers (Brun & Castelli, 2013; Keller, 2013).

Chanel is very specific about where and how their products are sold. Most of its items are sold only in Chanel boutiques. Its boutiques run internationally and most of them are placed in some of the global fashion capitals such as Paris, New York, Tokyo, Shanghai, London, and Hong Kong. Chanel strategically chose these prestigious places to match its luxury image. Whereas its beauty products are available in Chanel stores, department stores as well as online. Each product's prices are premium with no discounts (Chevalier and Mazzalovo, 2012; Okonkwo, 2016).

Chanel's major competitors are Louis Vuitton, Dior, Gucci, Hermes, and Prada. They fiercely compete with Chanel for market share in the handbags, ready to wear items and fragrance sector. According to a report by Statista, Chanel has been recognized as one of the top five most valuable luxury brands in the world, ranking as of 2023 (Interbrand, 2023).

2. Brand Audit

2.1 Brand Elements and Identity

Core Elements: The double “C” logo of Chanel is one of the most recognizable logos in the luxury fashion industry. People link it with prestige and elegance. The brand also uses repeated codes like black and white color palettes, the camellia flower, pearls, quilting. All these repeated things help the brand to be easily identified by people even without a logo (Keller, 2013).

Founder’s philosophy: The philosophy of Coco Chanel - “luxury must be comfortable, otherwise it is not luxury” remains central to the brand’s identity. The brand makes items that are worn and adored for years rather than just using it for runway photos (Okonkwo, 2016).

Consistent Design: Chanel keeps its brand language design consistent. The brand designs have a repeated clean black and white color theme across its products packaging, stores and ads. Campaigns mostly have classic quiet visuals. And this restraint keeps consumers to only focus on quality and cut of the clothes and not on the loud attention grabbing graphics. This consistency builds mental patterns on the consumer’s mind over time so that they recognise Chanel quickly. (Kapferer, 2012).

Global image: In people’s perception, Chanel is regarded as a high end, sophisticated, and exclusive brand. People associate it with quality, craftsmanship and luxury, especially its iconic products like world-famous perfume Chanel No. 5 and couture and leather goods are very popular among people. People wait for months for its products and these things help Chanel maintain premium prices and a loyal customer base (Chevalier and Mazzalovo, 2012; Keller, 2013).

2.2 Brand Image and Corporate Reputation

Globally, Chanel is highly regarded as a very strong, sophisticated and an exclusive brand with fine craftsmanship and quality goods, especially in couture and leather items (Chevalier and Mazzalovo, 2012; Keller, 2013). Chanel No.5 perfume is both a sales success and a cultural symbol in history.

However, Chanel has been widely criticized for limited digital innovation in fashion compared to its competitors such as Dior and Prada, as well as it is backlashed for lack of transparency in sustainability reporting (Deloitte, 2023).

Moreover, In comparison to some of the main competitors such as Dior and Gucci, Chanel’s brand equity is very strong but its approach is slightly more careful and traditional. Dior and Gucci invest huge amounts of their budget in online fashion shows, social media campaigns, and e-commerce stores while Chanel still focuses on selling most of its fashion and leather goods in boutiques only (Deloitte, 2023). This helps the company’s exclusive image remain intact, but it also means there will be fewer people who can easily buy or interact with the product online. Dior and Gucci are more visible and engaging for younger luxury consumers,

who mostly follow brands on social media platforms such as Instagram and TikTok while Chanel lags behind in online platforms (**Keller, 2013; Brun & Castelli, 2013**).

2.3 Brand Personality

According to Aaker's (1997) framework, Chanel's brand personality can be defined as:

- Sophisticated: It represents prestige, elegance and exclusivity.
- Consistent Sincerity: It has been authentic in its craftsmanship for decades.
- Excitement: It is glamourized by celebrity endorsements (Example: Kristen Steward, Marilyn Manroe)

2.4 Brand Positioning

Chanel is positioned as a premium luxury fashion brand that is focused on bringing exclusive products that are timeless with elegance. What differentiates Chanel is that unlike other fast-fashion brands or other accessible luxury labels, Chanel restricts distribution of its products to maintain scarcity, so that people value its elite positioning and desire its product strongly. (**Kapferer, 2012**).

2.5 Brand Equity



**Fig: Customer-Based Brand Equity (CBBE) Model for “Chanel”
(Adapted from Keller, 2013)**

According to Kevin Lane Keller's Customer-Based Brand Equity (CBBE) model, Chanel has following characteristics:

- Salience: Chanel has a global awareness and recognition from its name, legacy and logo.
- Performance: It has strong performance with high-quality materials, expert craftsmanship and exclusive products.
- Imagery: Its imagery is represented as Parisian chic, high status, and long lasting elegance.
- Judgements: People perceive Chanel as a prestigious and trustworthy brand.
- Feelings: People are emotionally attached to this brand because of its legacy and aspiration.
- Resonance: Affluent customers are highly loyal to this brand and it gets a long waiting lists for limited products(Keller, 2013)

Chanel was valued at \$19.4 billion in 2023, making it the most valuable luxury fashion brand of the world (Statista, 2023).

2.6 SWOT Analysis

Strengths of Chanel Brand

- Chanel has maintained a strong global brand equity and high awareness in the luxury market. People associate it with its name, logo and long lived values of selling premium, exclusive products of quality.
- It follows a clear heritage (logo, tweed and quilting). The double “C” logo, tweed jackets, and the quilted handbags are symbols of its consistency and exclusivity.
- Its focus on exclusivity which maintains desirability among buyers.
- It has high profitability in core categories like handbags and leather items. **(Statista, 2023)**.
- The Classic Flag bag and leather icons created by Chanel are among the most in demand luxury items that are often sold at high value in the resale market which further strengthens its image as “ a long term investment purchase” **(Who What Wear, 2025)**.

Weaknesses of Chanel Brand

- It has limited digital innovation compared to its rivals. It has been slower than some of its rivals such as Dior and Gucci in developing e-commerce and fully functioning digital channels. This limits the reach to younger audiences **(McKinsey & Company, 2023)**.
- Its focus on high exclusivity and controlled distribution limits access to every product, which may frustrate aspiring customers **(BCG & Altagamma, 2023)**.
- It is dependent more on heritage rather than modern reinvention which can create slower appeal to younger buyers **(Okonkwo, 2016; Brun and Castelli, 2013)**.
- Over the past years, there has been strong increment in price in leather goods and handbags across the luxury sector which raised questions on some consumers to question its value for money, and this has reduced buying from “aspirational” luxury buyers **(Bain & Company, 2025)**.

Opportunities for Chanel Brand

- There is a huge expansion opportunity in emerging luxury markets (China, India, Middle East).
- It can opt for greater integration of e-commerce and digital marketing for omnichannel services (such as click and collect or remote appointments) and social commerce to provide more seamless experiences without being concerned about

losing its image of being exclusive (**McKinsey & Company, 2023; Deloitte, 2023**).

- Chanel can focus more on using sustainable materials in luxury fashion. It can improve supply chain transparency and invest in circular initiatives such as repair, resale and rental for handbags and accessories (**Deloitte, 2023; ESCP Business School, 2025**).
- It can start a deeper engagement among youths with its beauty and limited collaborations (**Deloitte, 2023; Statista, 2023**).

Threats of Chanel Brand

- It has an intense competition from Louis Vuitton, Dior, and Gucci. Some rivals have dominated the luxury sector by combining their long lived heritage with bold innovation and having faster growth, especially Hermes is gradually outgrowing the competition (**Deloitte, 2023; Financial Times, 2025**).
- Counterfeit luxury goods are threatening exclusivity. They can reduce sales, damage Chanel's perception of being an exclusive brand even if some studies show some mixed effects on brand perception with counterfeit items (**Cademan, 2012; Chicoine, 2020**).
- Economic downturns are reducing the purchase of luxury items especially among aspirational buyers who are more sensitive to price increases (**Bain & Company, 2025; BCG & Altagamma, 2025**).
- Today's consumer focuses more on inclusivity, diversity and sustainability. So there is a greater reputational risk if Chanel does not keep on working in digital and environmental progress (**Deloitte, 2023; Kapferer, 2012**).

3. Digital Technology and Branding

Chanel has been quite slow to quickly adopt digital transformation compared to its competitors. The brand just recently began expanding e-commerce options, but it's still limiting online sales for having an image of exclusivity (**Deloitte, 2023**).

However, social media platforms such as Instagram, TikTok, and YouTube are now a key medium to its strategy execution. It often features high-profile brand ambassadors (**Kapferer, 2012; Statista, 2023**). It does digital storytelling to attract younger consumers in the perfumes and cosmetics section.

Chanel also experimented with augmented reality for makeup try-ons, but its competitors such as Gucci advanced their game further with its digital collaborations, gaming and NFTs (**Deloitte, 2023**). The real challenge for Chanel remains on the factor of how it can balance exclusivity with digital accessibility.

This particular slower approach to digital technology of Chanel, has various consequences like limited e-commerce and weak omnichannel tools which makes buying less convenient, especially for customers who do not live near a Chanel boutique. Also, even if a Chanel boutique is nearby, still customers may choose Dior, Gucci or other luxury brands that lets them to do a proper research, reserve the researched items in cart and purchase easily online (**McKinsey & Company and Business of Fashion, 2023**).

Chanel's social media content is visually strong but very controlled as it has less interaction such as lower rate of user-generated content than many of its competitors. Due to all this, engagement levels and online conversation about Chanel brand is very lower (**Kapferer, 2012**). Research on luxury fashion industry shows that some social media activities and interactive content are very important for creating consumer led brand engagement, increase in word of mouth marketing and increase in overall brand equity which Chanel is lacking (**Ko & Megehee, 2012; Kim & Ko, 2012; Liu et al., 2021**).

Over time, if Chanel does not focus on user engagement more, then this limited engagement can mean that younger consumers may not build a strong emotional connection with the brand and may not be loyal to it. They might stay only with less expensive products like perfume and make-up items and later on they might switch to more interactive, and more attention seeking brands such as Dior or Gucci. And this could reduce Chanel's sheer focus on growing its sales in high margin items like handbags, ready to wear clothes and other exclusive items. And, this may result in weakening its long-term brand equity (**Kim & Ko, 2012; Godey et al., 2016; Liu et al., 2021**).

4. Leadership and Branding

Chanel is privately owned by Alain and Gerard Wertheimer. Meanwhile Virgine Viard has been serving as a Creative Director since 2019 after Karl Lagerfeld. Viard focuses more on continuity with Chanel's heritage and long lived philosophy of wearable elegance while slightly incorporating modern designs for current ever evolving markets (**Chevalier & Mazzalovo, 2012**).

Chanel's leadership follows a stewardship style where a change is selective but not mandatory. Its leadership aims to preserve legacy and maintain exclusivity while carefully adapting to new trends. They do timely seasonable investments in craftsmanship, cautious innovation and global boutique maintenance for brand reputation (**Okonkwo, 2016**).

However, Chanel's leadership has been less proactive in digital marketing and following sustainability practices compared to its big rivals like Gucci and Dior (**Deloitte, 2023**). Adopting digital leadership and focusing on sustainable practices could further elevate brand equity for greater stockholder value.

5. Recommendations

1. Focus on Digital Presence

Chanel should start to invest heavily in ecommerce platforms and integrate AR/VR to enhance customer experiences. It should at least start selective digital marketing campaigns to balance its core principle of exclusivity with today's demand for accessibility.

2. Focus on Sustainability

Like other bigger brands Chanel should be transparent in its supply chain and show its sustainability achievements clearly. Also it should focus on launching sustainable campaigns time and again to align with growing consumer expectations (**Deloitte, 2023**).

3. Equally Prioritize Younger Customers

As today' luxury seeking younger generations are the potential Chanel buyers in the future. Chanel can collaborate with artists and influencers who have a huge youth fanbase, targeting GenZ and millennials through emotional or out of the box storytelling and limited collections (**Kapferer, 2012**).

4. Balance Between Heritage and Innovation

In this technology driven age, Chanel must do new innovation in its products and give a fresh new image of the brand through digital storytelling while still maintaining its heritage (**Aaker, 1997**).

5. Marketing Expansion in Emerging Global Markets

Chanel should look for expanding boutiques and stores in untouched regions of Asia and the Middle East with localized campaigns while maintaining brand identity (**Statista, 2023**).

6. Conclusion

Chanel is one of the most valuable and admired luxury brands in the world. Its strong presence comes from its underlying heritage, huge focus on exclusivity and craftsmanship. A strong brand identity is built on clear principle, famous timeless icons, and loyal customers since ages which Chanel has earned since years. So, Chanel is a well respected and sought out brand by luxury seekers. Its brand identity remains consistent, but it faces some challenges in digital innovation and sustainable practices (**Deloitte, 2023**). By focusing on digital storytelling, targeting younger audiences and starting out in sustainable luxury all while maintaining heritage, Chanel can stay relevant for the next generation without losing what makes it special - sophistication and exclusivity with detailed craftsmanship (**Kapferer, 2012**).

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