

# ***Research on the Status Quo and Strategy of Luxury Brand Sales Model in the Post-epidemic Era***

## ***-- Taking Chanel as an example***

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**Abstract:** This paper's research concerns luxury brands' marketing strategies in the post-epidemic era. Most of the literature examining the marketing of luxury goods considers economic value. This literature explains marketing strategies by analyzing large amounts of data. This paper hopes to examine luxury marketing strategies in the post-epidemic era from a new perspective. The luxury marketing strategies and case studies examined in this paper examine the DNA of consumer groups and luxury brands. The research method used in this paper is documentary analysis. This paper analyses the marketing strategy of the Chanel brand in the post-epidemic era by reading the literature and finding secondary sources. This paper analyses the shortcomings of the current marketing strategy by analyzing the needs of consumers and society and the consumers' evaluation of the brand. This paper hopes that the luxury marketing strategy will allow the DNA of the brand to be more powerful and bring higher economic and social value to the luxury brand.

**Keywords:** status quo, marketing strategy, luxury brand, chanel

## **1. Introduction**

### **1.1. Research Background**

In the post-epidemic era, according to Bain and Company, the luxury goods market contracted by 23% in 2020, with a global market value of around one trillion euros, approximately the same as the luxury goods market in 2015 [1]. In particular, according to Deloitte's Global Powers of Luxury Goods 2021, Chanel is ranked sixth, with Chanel Limited's market capitalization at US\$10,108 million. Compared to 2018, before the epidemic era, Chanel Limited's market capitalization fell by approximately US\$1 billion from US\$11.12 billion.

The epidemic's impact on the economic market has had a long-term effect. The epidemic has changed how many consumers work and live, and consumer needs have changed in the post-epidemic era. According to the International Postal Corporation's 2020 IPC Domestic E-Commerce Consumer Survey, 52% of consumers chose to shop online during the epidemic [2-3]. As a result of the economic

downturn in the post-epidemic era, consumer psychology has changed, and luxury brands should be more responsive in their marketing strategies.

As a luxury product, it is important to maintain its economic value while simultaneously strengthening the brand's DNA, which gives value and a symbolic spirit to luxury goods. The DNA of a luxury brand determines the overall image, atmosphere, and symbolic spirit of luxury goods. In the post-epidemic era, the DNA and code of luxury goods need to be equally adapted, requiring humanistic care and reflection characteristic of the post-epidemic era.

Marketing is an important part of the market economy and an essential process for spreading the DNA of luxury. The Chanel Group is representative of this. The Chanel Group's merchandise includes clothing, jewelry, bags, and cosmetics. The Chanel brand is legendary and has a strong brand DNA. The Chanel brand is a classic, well-known and powerful luxury brand. This article uses the change in the marketing strategy of the Chanel brand in the post-epidemic era as a case study to analyze what kind of marketing strategy is needed for luxury brands in the post-epidemic era.

## 1.2. Literature Review

As people's lifestyles change in the era of the epidemic, the marketing strategies of luxury goods also change as they have to adapt to the changing concerns of consumers. The group research will look for relevant literature on this post-epidemic luxury marketing strategy as an argument.

Lin Wei, Xiang Zhang, and Hongmei Han found that for luxury brands, online shops are not just a sales channel but also a marketing platform [4-5]. In 2020, brands were actively developing a combination of online and offline marketing strategies. Most luxury brands have started to use live streaming to showcase selected products. In addition, most luxury brands also run many offline events, such as fine jewelry shows, fashion shows, VIP tastings, flagship shop launches, and luxury brand-themed cafes. These offline events are often attended by celebrities and become social hotspots in conjunction with simultaneous online promotions by KOLs.

While these two papers provide a comprehensive overview of luxury brands' online sales strategies, many of the strategies shown in the paper apply to most brands and lack the uniqueness of luxury brands. This paper will focus more on the marketing strategies that brands have made in the aftermath of the epidemic specific to luxury goods.

Yuan analyzed that we can derive Chanel's marketing model in China. However, this paper was completed before the epidemic era [6]. It can only serve as a case study for this paper comparing the marketing strategies of luxury goods in the post-epidemic era with those in the absence of the epidemic.

In contrast, the majority of scholarly literature on luxury marketing strategies and marketing in the era of the epidemic, it is clear that current research papers are limited to the shift in marketing strategies towards online sales due to technological developments.

## 1.3. Research Framework

Firstly, the paper identifies the time frame of the selected research as the post-epidemic era. The paper ensures that the article is not divorced from the real world and that the research content meets the needs of economic development. Based on the post-epidemic era, the paper looks extensively at data and literature from 2020 and beyond. It compares information from the post-epidemic era with information before 2020 to find the laws of economic market development and social needs. The content of this paper is biased towards academic discussion rather than data analysis. In order to highlight the focus of this scholarly discussion, this paper adopts a literature research approach. This paper will collect a large amount of secondary literature and data. After reading the literature, this paper will summarise and reflect on the needs of society to identify consumer needs and the changing

psychology of consumers in the post-epidemic era. Secondly, this paper will use the Chanel brand as a case study. This paper will identify the luxury marketing strategies in the post-epidemic era by analyzing a typical case of a luxury brand. Finally, the paper will consider what other future shifts are needed in luxury marketing. The paper will propose the direction and specifics of luxury brand marketing strategies in the post-epidemic era.

## **2. Methods**

### **2.1. Quantitative Research**

Quantitative research uses quantitative methods to analyze and compare data or information to draw valuable conclusions. Quantitative research focuses on calculations and measurements and describes the research in numerical terms. The analysis of secondary data refers to the analysis of data already available on the website and the analysis of brand turnover. In this paper, we will use secondary data to analyze.

### **2.2. Content Analysis**

Content analysis is an objective, systematic and quantitative method of describing the content of a communication. Content analysis analyzes the amount of information in transmission and how it changes, i.e., the inference of precise meaning from representations.

### **2.3. Qualitative Research**

Qualitative research will study the essential aspects of things, a method used to reveal the nature of things or to deal with problems, mainly by telling people the essential causes of events. Qualitative research focuses on the exploration of the characteristics of particular social phenomena. The case study method is a deep and specific study of a single research object. In this paper, the epidemic's impact on Chanel's marketing strategy will be inferred by analyzing the advertisements and other marketing aspects released by Chanel before 2020 and after 2020, respectively.

## **3. Results**

### **3.1. Current Development of Luxury Brands Industries under the Post-pandemic Era**

#### **3.1.1. A New Era of Luxury**

While the pandemic has hit the luxury and premium industries, the key role of brands in consumer purchasing decisions has also made the sector one of the most resilient. Brands have been innovating on digital platforms, increasing their marketing investments to local customers, and improving their credibility by participating in the production of medical products. Overall, the industry is recovering - starting in Asia and the US - and experiencing profound changes brought about by the economic climate and changing customer preferences.

#### **3.1.2. Re-establish Customer Relationships**

Before the pandemic, 20-30% of the luxury industry's revenue came from abroad. Buying luxury goods has become an integral part of the travel cultural experience, and with travel restrictions, brands face new challenges and opportunities. Brands' efforts now focus on reconnecting with local customers, which means adapting brands to specific preferences based on location, from consumers who like to show off logos to those who consistently prefer light luxury. While this is a new strategic

challenge, it is also a real opportunity for luxury brands to redefine their priorities as we see the pandemic increasing local consumption.

### **3.1.3. The Awakening of Consumers' Social Consciousness**

In general, being relevant and socially aware is the new direction in luxury and the luxury industry. Consumers have new expectations of transparency and sustainability, changing how people choose to buy luxury goods around the world. Socially conscious production is key for luxury brands, from Gucci's creation of its first circular street clothing line made from recycled and organic materials to car brands such as Polestar, owned by Volvo, to attempts to make an entire car's vegan interior from recycled materials. Millennials and Gen Z are undeniably the more socially conscious demographic, driving more than 80% of global luxury revenue. Therefore, brands must realistically tailor their campaigns and messages to resonate with their target market segments.

### **3.1.4. New Customers of Second-hand Luxury Goods**

The global second-hand market for luxury goods is worth about \$30bn and is expanding dramatically. Buying used goods is an appealing idea for young and old alike. In addition to more socially conscious decisions, millennials and Gen Z want to improve their social status or standard of living. Older generations increasingly consider luxury goods collectible investments to be resold at higher prices. This growing segment has created an opportunity for brands to compete with the big online retailers that currently dominate this space by creating tailor-made consumer experiences.

## **3.2. Problem Identified in Luxury Brands Industries During the Post-pandemic Era**

### **3.2.1. A Change in Thinking about Luxury Sales after the Pandemic**

The post-epidemic era is gradually stable. The epidemic will impact mainstream luxury goods, but there is no serious problem—the present development of the main combination of the online and offline channels. For example, it tends to have a big product range, and beauty makeup series can be used as a shopping platform with discount promotion activities. Consumers can use the online AD app, website, and live shows for the fashion handbag series to let everyone enjoy being closer to Chanel.

### **3.2.2. Chinese Consumers are Mostly Shopping Online to Ensure Health and Safety**

With the advent of the epidemic era, consumers will pay attention to their own needs and safety awareness. China has strict controls, and the government has ordered all shopping malls and entertainment venues to close in cities with outbreaks and high numbers of infected people. So as not to cause a mass infection situation. Therefore, for Chinese consumers, in order to ensure safety, most of them will choose the form of online shopping to get what they want. Online shopping is greater than the counter. In the controllable scope of the epidemic, most consumers are still willing to go to the counter consumption. Because the first is the price is not low, the second is to see whether it is appropriate for themselves, and there are various choices.

### **3.2.3. Chinese Consumers Deeply Love Chanel's Unique Style Concept**

Take Chanel as an example; most of its consumers are from families with good economic conditions and no burden to buy luxury goods. For Chanel, many classic styles are discussed and designed by famous designers. The design style concept is also very unique. The consumers who appreciate the brand should have the same aesthetic sense and thinking, which can also show the brand's uniqueness.

### **3.2.4. Chanel Needs to Conduct Staff Training and Cultural Background Screening**

The training of employees is a big problem. In many shopping malls in China, luxury goods clerks look down on customers. Although Chanel should not be so down-to-earth as Hailao, the employee tries to serve every customer, no matter how they look. Countless news about this on the Internet, and some consumers even claim they will not go to this brand again. Therefore, the clerks in the brand selection counters should have an educational background and receive brand training early. Compared with the Joneses, looking down on customers is forbidden in the workplace.

## **4. Discussion**

### **4.1. Accept the Impact of the Facts on Many Levels**

For Chanel, about 85% of its 417 boutique stores have reopened since the pandemic, but some in the US, Russia, and Latin America remain closed because of quarantine measures. This shows the impact of the epidemic on luxury brands. But by changing their marketing, airport duty-free shops are also expected to see a sharp drop in sales as the pandemic continues to drive many travelers to the lowest levels. Airport duty-free shops account for about a fifth of industry revenues and even more profits. It kept at the same level and didn't bring much loss because of the epidemic.

### **4.2. Because of the Situation's Reality to Determine Their Brand Marketing Routine**

The pandemic has prompted governments worldwide to shut down malls, shopping centers, and entertainment venues to ensure the health and safety of their people. But this affects more than just the growth of businesses and the sales of luxury brands. The period from 2019 to 2021 saw the closure of many century-old stores, which is understandable. Therefore, to ensure the whole brand's operation, Chanel also opened an online website and carried out authorized direct-sale stores with Chinese shopping platforms so that people could buy what they wanted on the Internet. This also reduces a lot of unnecessary personnel contact. Not only is it safe, but it also saves money on the overall cost of the store.

### **4.3. The Basic Elements of Chanel Collide with the New Designer's Characteristics**

Although most consumers love Chanel's unique design concept, this paper proposes new elements should also be introduced rather than classics for the sake of maintaining classics. A classic is something to be remembered for and considered impossible to surpass. If the style changes little all the time, customers will not have too much desire to buy. Verzhni had worked with Karl for decades and knew all the elements of Chanel. She gradually seeped her style into the product and the show's layout. This paper proposed that Chanel CFO Philippe Buruno is right. Let designers add their flavor according to the basic elements, which will keep that part of Chanel unique [8-9].

### **4.4. Conduct a Series of Communication Training for Employees**

Regarding staff training, most foreign employees are still very patient and careful, but we don't know why there is such a trend in China. As a result, many offline stores of luxury brands decide their service attitude based on people's clothes and appearance, so companies should treat them all the same. We should serve them patiently. This is the basic principle of the service industry. In this regard, we should offer to employees to check whether they have a bachelor's degree or above or have enough internship experience. After the interview, this paper thinks that even basic employees should be given a three-month probation period. Ensure follow-up work efficiency, and put monitoring around the store so that customers feel at ease to buy [10].

## 5. Conclusion

### 5.1. Key Findings

We are mainly talking about the trend of luxury sales in the pandemic era. For Chanel, they will compare the current situation to decide whether they can change their route and way. What we have seen during the pandemic is that many century-old traditions failed to survive. They all fell in this special era. Therefore, we should find the sales management suitable for our brand. Nothing is static. We can survive in this era by constantly updating our ideas and keeping up with the changes in The Times. Chanel's sales success is partly due to its consumer groups being mainly women, and women with conditions will certainly arrange a luxury bag for themselves. In addition, Chanel has captured this social trend by preferring luxury brands that would not have discounts before the pandemic.

### 5.2. Research Significance

And even get excited to buy a bag or clothes from Grandma Xiang's. Grandma Xiang's products do have this magic. Chanel's products are at the forefront of fashion trends, loved by young people. The house of the rich fly to foreign countries every year to see the Chanel show; they don't know how many celebrities are included. Unfortunately, because of the influence of the outbreak this year, the Chanel show has been canceled with indefinite delay. Chanel has also made an important decision to close several factories in Europe. It will gradually close the production bases in Italy and Switzerland, and the closing time will last two weeks. These bases include Chanel brand watches, clothing, jewelry, and other categories. Although Chanel will suffer losses in terms of profits, their attitude and behavior in supporting the social government make people in various countries feel comforted. They changed from offline to online sales, and at the same time, the sales packaging and after-sales way are done very well, so that people can also rest assured to buy. Chanel's action has also won many people's hearts.

This paper has also surveyed people of the same age who have often bought Chanel, who all speak highly of Chanel. But more unfortunately for no opportunity to go to the offline activity show and feel sorry.

### 5.3. Limitations

With the development of the post-epidemic era, social needs, economy, and technology is changing, and marketing strategies should be adjusted constantly according to the actual situation. This paper focuses on ancillary data, which comes from text and some perspectives on life. In the future, we will focus on primary data and conduct frequent market research, such as questionnaires, to understand consumers' demands for some issues. The literature is mainly written literature, lacking data literature.

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