

# **Chanel and Chanel No. 5: A global marketing and advertising strategy**

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# **Chanel and Chanel No. 5:**

## **A Global Marketing and Advertising Strategy**

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### **ABSTRACT**

Chanel is one of the world's top luxury brands. The company that was founded in 1910 by Gabrielle Coco Chanel has revolutionized the women's fashion industry, and has achieved much success from frequent product updates and new product releases. With the launch of the famous Chanel No. 5 fragrance in 1921, Chanel made its mark on the perfume industry. It is now the world's most famous perfume, and a product that the brand is known for. The perfume industry is fast paced and dynamic; the constant threat of new entrants and substitute products forces companies to innovate in order to differentiate themselves in the marketplace. To achieve this, companies have found success in localizing their advertising and marketing strategies to appeal to the cultural preferences of consumers at a local level. However, Chanel has managed to find success in the marketplace through using a global marketing and advertising strategy. This paper will reveal the details as to why Chanel does not need to localize its marketing and advertising, and how it has achieved positive results from a global strategy. In essence, their success derives from its rich history and strong brand heritage. And through further analysis of Chanel and its advertising for Chanel No. 5, this paper will further prove the strength of Chanel's brand heritage, and how it has been able to effectively leverage Urde, Greyser, and Balmer's five "Elements of Brand Heritage" (2007, p. 9). Chanel uses its brand heritage as its main competitive advantage, and continues to sustain and protect this heritage through a company brand stewardship function.

### **THE PERFUME INDUSTRY**

#### **History and the Beginning of Chanel No.5**

Humans have been using essential oils and scents since the beginning of time (Berger, 2007, p. 1). People were drawn to their aromatherapy benefits, and they were a part of their daily routine (Berger, 2007, p. 1). Scents and essential oils were used in religious practices and rituals, as antiseptic mediums, and to scent general household objects (Berger, 2007, p.1). In the late 19<sup>th</sup> century, scents grew in popularity and advances in chemical engineering began to develop quickly allowing scents to be processed into perfumes (Berger, 2007, p. 1). This was the birth of the perfume industry, and it took place in the small town of Grasse, France (Berger, 2007, p.1).

Grasse "became [the] centre for flower and herb growing for the perfume industry" (Berger, 2007, p.1). Grasse plays an important role in the history of the perfume industry, and to this day, it is known as the perfume capital of the world. The plants harvested in Grasse supply the raw materials to create the world's most famous scent, Chanel No. 5 (Hautala, 2011, p. 20). The jasmine and roses used to complete the formula for Chanel No. 5 come exclusively from the region of Grasse (Hautala, 2011, p. 20). Chanel has continued to nurture its relationship with the jasmine farmers in Grasse, and has even created an extraction facility next to the jasmine fields "where it purchases and processes the entire harvest" (IFA,

2013, p. 13). This “symbiotic relationship” (IFA, 2013, p. 13) alone establishes Chanel and Chanel No. 5’s monopoly over and history in the region of Grasse. When consumers think about luxury perfumes, Chanel No. 5 is one of the first perfumes to come to mind. And it is said that most women will wear the mild and floral scent of Chanel No. 5 at least once in their lifetime (Zeybek, 2013, p. 13).

### **Industry trends**

Over the past six months Europe, and more specifically France, has been under social and economic angst. Due to not only the attacks in Paris and Brussels, the overall stability of France and the European Union has been under question (Reguly & Mackinnon, 2016). In turn, the Economic Sentiment Indicator (ESI) measuring the market confidence indicator in industry, services, consumer, construction, and retail confidence, has logged its “third consecutive drop in both the euro area (by 0.9 points to 103.0) and the EU (by 0.7 points to 104.6)” (European Commission, 2016, p. 1). And more specifically, France’s ESI has dropped significantly by -1.8 points (European Commission, 2016, p. 1). Additionally, France’s GDP growth trend has been slowly decreasing over the past four years, from a 2.0% growth in 2010 to a 0.4% growth in 2014 (MarketLine, 2015, p. 31). As France is “one of the largest members of the Eurozone, much of France’s fortunes are tied to the economic fortunes of the EU trading bloc” (MarketLine, 2015, p. 7). With the continual threat of Britain leaving the EU, the overall economic position of France will continue to remain unstable (Reguly & Mackinnon, 2016).

This decelerating trend has directly affected the growth rate of the French Fragrance Industry (MarketLine, 2015, p. 7). The French Fragrance industry has been growing at a much lower rate since 2010, and is expected to do so over the next five years (MarketLine, 2016, p. 7). Consumer confidence in the EU has dropped by -0.9 (European Commission, 2016), and similarly, French consumers have decreased their spending by -0.2%, “reflecting [France’s] wider economic problems” (MarketLine, 2015, p. 7). This downward trend directly affects the French fragrance industry, as fragrances fall under consumer goods (MarketLine, 2015, p. 7).

Due to the lack of economic and social stability and the decline in EU consumer spending, it is integral for perfume companies to differentiate themselves in the perfume market. Differentiation is integral to the survival of a perfume as many new fragrances enter the industry each year (I. Coste, personal communication, February 25, 2016). In addition, there is a moderate threat of substitution within the industry making it even more crucial for companies to establish themselves and create brand loyalty to stay on top and remain successful (MarketLine, 2015, p. 20) The significance of brand loyalty can be further proven through the breakdown and distribution of the market share within the French fragrance industry (Table 1). A few key players dominate the market share of France’s fragrance industry, with the remaining market share belonging to a variety of other unnamed perfume companies (Table 1). Chanel holds a significant 8.3% of the market share, and is competing alongside three other leading companies: LVMH Moët Hennessy Louis Vuitton SA (16.1%), L’Oreal S.A. (11.4%), and Joh. A. Benckiser GmbH (9.1%) (MarketLine, 2015, p. 12). These four companies hold 44.9% of the French fragrance market share, while the remaining 55.1% is shared amongst the many other perfume companies in France (MarketLine, 2015, p. 12). Companies such as Chanel hold many advantages over the less popular perfume companies. For example, its “robust intellectual property framework” (IFRA, 2013, p. 8), “extensive portfolios” (MarketLine, 2015, p. 19), and relationship networks make it difficult to penetrate. This has given Chanel the ability to protect its R&D, production, and materials, and most importantly its exclusive rights to the jasmine and rose fields in Grasse (IFRA, 2013, p. 8).

Company	% Share
LVMH Moet Hennessy Louis Vuitton SA	16.1%
L'Oreal S.A.	11.4%
Joh. A Benckiser	9.1%
Chanel	8.3%
Other	55.1%
<b>Total</b>	<b>100%</b>

**Table 1: Market share by value as of 2014 (MarketLine, 2015).**

## CHANEL

### History

Chanel is an iconic worldwide luxury brand. It is a privately held company that was founded in France in 1910 by Gabrielle “Coco” Chanel (Nagasawa, 2011, p. 3). Coco Chanel had a surprisingly “humble and undesirable” (Hautala, 2011, p. 4) upbringing, one that most would not assume as the upbringing for the founder of one of the most desirable luxury fashion brands. She was an orphan child who turned into a showgirl actress (Hautala, 2011, p. 4). This was one of the most un-respected positions for women to have in 20<sup>th</sup> century society as its sole purpose was for male pleasure and entertainment (Hautala, 2011, p. 4). This was a perception and an image that Chanel wanted to change not only for her, but also for all women in society (Hautala, 2011, p. 4). With this goal in mind, Chanel opened her first clothing shop in Paris where she sold hats and other simple fashion pieces (Hautala, 2011, p. 4). Some of the most famous French actresses at the time purchased and wore her clothing giving Chanel a more respectable name and reputation (“Inside Chanel,” n.d.). Shortly thereafter, Chanel began to change women’s fashion by designing clothing, clothing that did not complement the “conventional appearance” (Driscoll, 2012, p. 140) of 20<sup>th</sup> century women. Her athletic designs had considerably less fabric and encouraged women to lead a healthy and active lifestyle (Driscoll, 2012, p. 140). The classic 20<sup>th</sup> century corseted silhouette of women began to disappear, abolishing the look of the traditional woman (Driscoll, 2012, p. 140). And in turn “the modern woman was born” (as cited in Driscoll, 2010, p. 140). This modern woman represented Gabrielle Coco Chanel in every aspect. Chanel started the revolution in women’s fashion, and to this day she is recognized and idolized as the creator of the “great fashion empire” (Weifang, 2011, p. 143).

Chanel’s success only continued to increase when she released her iconic fragrance in 1921, Chanel No. 5 (“Inside Chanel” n.d.). This scent was released at a time where women’s fashion was changing drastically. It captured the quintessence of this liberation making Chanel No. 5 “the ultimate symbol of femininity” (“Inside Chanel”, n.d.).

## **Company culture**

“Chanel is not a brand for elitists” (Nagasawa, 2011, p. 56). The brand did not come about for the needs of aristocrats and the upper class, and to reiterate, it is a brand that came from an underprivileged individual and essentially nothing (Nagasawa, 2011, p. 56). In this lies the foundation of the brand, the brand’s identity, and the company culture: liberation.

The brand identity of Chanel and the values of Coco Chanel herself are one of the same. According to Chevalier and Mazzalovo, a brand’s culture are highly aligned to the values of the founder of the company as well as the country culture in which the company was founded in: “The brand’s ‘culture’ is linked to the original values of its creators - often, the culture of the country, the region, or the city where the brand developed” (Chevalier & Mazzalovo, 2004, p. 101). In the case of Chanel, Coco Chanel’s values, France’s cultural values, and the Chanel brand values are interchangeable. Kapferer’s innovative brand identity prism was applied to the Chanel brand, identifying its physique, personality, culture, self-image, reflection, and relationship (as cited in Chevalier and Mazzalovo, 2004, p. 102) (Figure 1). Within this figure, the cultural values of Chanel have been identified as simplicity, sophistication, anticipation, and liberation (Chevalier and Mazzalovo, 2004, p. 102). The key value identified is liberation, as this value is the most highly correlated between Coco Chanel’s values, French country culture values, and Chanel’s corporate values. Liberation is one of the main pillars in France’s national motto: “Liberté, Égalité, and Fraternité”. This motto is highly ingrained into the French culture and everyday life in France. The word “Liberté” or “liberty” can be defined as “the state or condition of people who are able to act and speak freely”, “the power to do or choose what you want”, and “a political right” (Merriam-Webster, n.d.). Similarly, as previously mentioned, Coco Chanel led the way in the liberation of women’s fashion in the early 20<sup>th</sup> century. She was never married and she never had children, something that was very uncommon for women at this time (Weifang, 2011, p. 143). And “this is one of the best example of the liberation of women” (Weifang, 2011, p. 143). She spoke her mind and made her own choices regarding her actions; she defied society’s expectations, and embodied this liberation in every way. Thus, liberation represents and is of great value to Coco Chanel and France ultimately translating this value into one of the key values of the Chanel brand.

## **ADVERTISING AND MARKETING**

When examining the luxury industry, it is important to note that perfumes are one of the most prevalent products to be advertised. This is due to the fact that the perfume designer only receives a small percentage of the sale when a sale is made in a non-specialized retail store (I. Coste, personal communication, February 25, 2016). Even though specialized retailers are the leading distribution channels for perfumes in the French fragrances market (80.1%), non-specialized retailers account for the rest of the market (19.9%) (MarketLine, 2015, p. 12). With sales taking place in non-specialized retail stores where many other brands are present, it is crucial for perfume companies to distinguish their products in the marketplace. In addition, as previously stated, because of the threat of new entrants and substitute products and the continuing downward trend in consumer spending, it is important for perfume companies to differentiate themselves from the competition through the execution of a well-planned out advertising and marketing strategy. These strategies consist of various communication platforms including both print and digital messages (Angelini and Frederico, 1998, p. 110). It is pertinent for companies to come up with innovate campaigns to capture their target market, especially through digital advertisements, as “commercials are one of the most effective media enabling communications between brands and consumers” (Zeybek, 2013, p. 12).



## Local vs. global

In order for a brand to have a successful advertising and marketing strategy, it is vital for companies to understand the “cultural, historical, and linguistic variations” and differences of consumers, and adapt their messages to the country and culture they are broadcasting in (Angelini and Frederico, 1998, p. 110). It has been recognized that North American consumers identify better with a well-known celebrity, whereas consumers in Europe, specifically France, and consumers in Asia, specifically Taiwan, recognize and respond to commercials that contain subtle symbols (Angelini and Frederico, 1998, p. 110). Companies have found success when they localize their communication methods and their products as “building the commercial’s relation with the concerned culture and society, which are called cultural signs, are of crucial importance” (Zeybek, 2013, p. 13). Localizing strategies requires extensive work, resources, and research to learn about a specific country’s culture, language, and cultural preferences; however this hard work pays off as a company will relate better to consumers at a local level. In turn, translating the language of the advertisement and appealing to a country’s cultural preferences results in the success of a company’s product and their brand in that country. However, global brands, like Chanel, have found success in having a global marketing strategy, and have not found the need to localize its advertising messages and overall marketing campaigns. This is not to say that Chanel does not analyze the needs of its consumers and their preferences. In fact, Chanel has catered to the preferences of its North American consumers and its European and Asian consumers through the use of cinematographic commercials using both well-known celebrities and symbols (Zeybek, 2013, p.13).

Chanel has been facing the “phenomenon of maturing for several years.” (Chevalier & Mazzalovo, 2004, p. 156). In order to combat this, the company needed to make some changes to revitalize the image of Chanel and Chanel No. 5, and to also stay competitive in the ever-dynamic perfume industry. Since 2004, Chanel turned to cinematography to advertise for Chanel No. 5 (“Inside Chanel,” n.d.). These short films display Chanel No. 5’s long history with “the glamour of Hollywood” (as cited in Hautala, 2011, p. 6). They take consumers on a journey in a dreamlike world and state of mind (Zeybek, 2013, p. 13). These short films star well-known celebrities such as Nicole Kidman, Audrey Tautou, Marilyn Monroe, Gisele Bundchen, and even Brad Pitt (“Inside Chanel,” n.d.). The use of these actors and models appeal more specifically to Chanel No. 5’s North American consumers as North American consumers relate better to celebrity figures. In addition, these advertisements contain understated symbols appealing to the European and Asian market. For example, in the film created in 2009, featuring Audrey Tautou, various historical symbols and common cultural messages are used (Zeybek, 2013, p. 14). The majority of the film takes place on the Orient Express, which is a train that travels from Paris to Istanbul (Zeybek, 2013, p. 15). This train symbolizes and represents a journey of “luxury”, “privilege”, and “prestige” because, in the past, only wealthy and upper class people were able to ride this train (Zeybek, 2013, p. 15). This historical association tells consumers that people who wear Chanel No. 5 are seen as superior and elegant (Zeybek, 2013, p. 15). Furthermore, the Orient Express also symbolizes the connection between Europe and the Middle East, giving Chanel No. 5 a more worldly and global image (Zeybek, 2013, p 15). This global image is how Coco Chanel wanted consumers, employees, and stakeholders to see the Chanel brand (Nagasawa, 2011, p. 55). Seagulls were also present in this cinematographic advertisement; seagulls are a symbol of freedom (Zeybek, 2013, p 16). This symbolic reference to freedom relates the commercial back to Chanel’s value of liberation. It tells consumers that no matter their wealth or position in society that they can feel superior and elegant when wearing Chanel No. 5. With Chanel’s core values, especially liberation, establishing the base of its external communications, and with these values being so closely linked to France, in turn, Chanel is also advertising French values and culture.

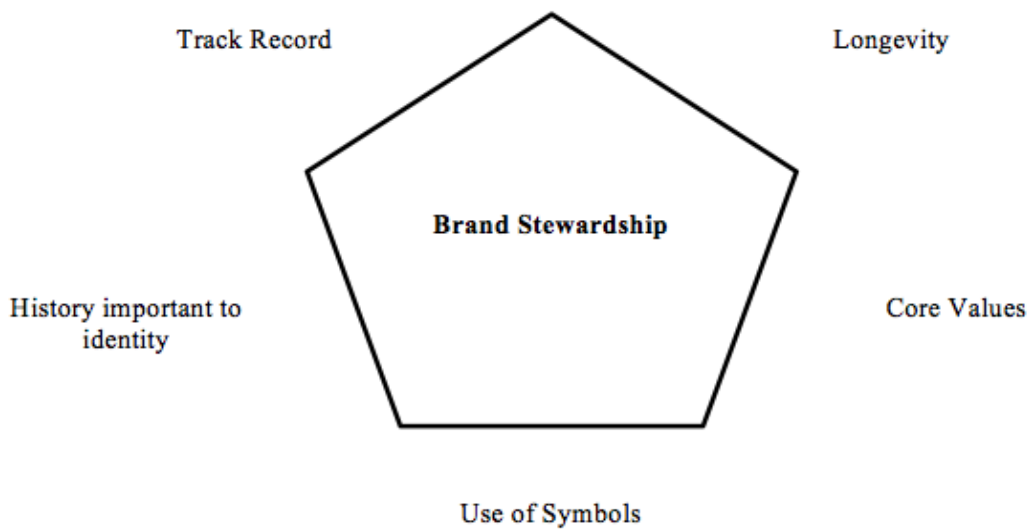
Indeed, Chanel's use of both celebrities and symbols caters to consumers all around the globe; however, this still does not answer the question as to why Chanel does not localize its advertisements, and more specifically for Chanel No. 5. These cinematographic advertisements have been broadcasted all over the world; they have not been changed or altered to adopt local languages and cultural preferences. As previously mentioned, companies have found great success when they localize and adapt their marketing strategies. So how has Chanel been able to achieve such success without the need to localize its advertising and marketing strategies? The main explanation for Chanel and Chanel No. 5's success comes from the rich history of the company, which stems from its founder and founding country. Because of Chanel's well-known rich history and culture, Chanel does not need to localize its advertising to capture its consumers; consumers already know who they are and what they stand for. According to Urde, Greyser, and Balmer, a strong company history "can provide leverage for that brand, especially in global markets" (2007, p. 5). Indeed, all brands have a history and a story to tell, but it is a brand's capability to stay current that determines the positive results of the brand (Urde, Greyser & Balmer, 2007, p. 9). In turn, this effort to stay current and relevant can be defined as a brand's heritage (Urde, Greyser & Balmer, 2007, p. 9). From Urde, Greyser, and Balmer's research on corporate brands with a heritage:

*The difference between heritage and history may seem minor. As Lowenthal cogently articulated, history, however, explores and explains what is often an opaque past; in contrast, heritage clarifies and makes the past relevant for contemporary contexts and purposes. We think much the same applies to brands when viewed through the lens of heritage in contrast to that of history. That is, heritage helps make a brand relevant to the present and prospectively the future. (Urde, Greyser & Balmer, 2007, p. 6)*

Chanel's ability to create innovative, new, and fresh ideas for its advertisements that do not drift away from the brand's history, values, and overall identity is how it has been able to achieve continued success for its products (Urde, Greyser, and Balmer, 2007, p. 5). As for Chanel No. 5, Chanel's new cinematographic advertisements have revived the ageing image of the perfume. They have made the perfume appear current and attractive to consumers ultimately maintaining its top position in the perfume market.

#### **CHANEL'S ELEMENTS OF BRAND HERITAGE**

Through Urde, Greyser, and Balmer's case study on corporate brands with a heritage, they created a five element conceptual framework called, "The Elements of Brand Heritage" (Urde, Greyser, and Balmer, 2007, p. 9). This conceptual framework helps to measure for brand heritage and how well a company is using it to its advantage (Urde, Greyser, and Balmer, 2007, p. 9). The more a brand displays the presence and strength of the five elements in the framework, the higher the brand's heritage (Urde, Greyser, and Balmer, 2007, p. 9). These five elements, track record, longevity, core values, use of symbols, and history, revolve around one key component, brand stewardship (Table 3). Urde, Greyser, and Balmer see brand stewardship as being the most important piece of this framework tying all of the elements together and creating "the mindset for nurturing, maintaining and protecting brand heritage" (2007, p. 9). In the case of Chanel and its advertisements for Chanel No. 5, "The Elements of Brand Heritage" can be applied to the company, proving its power and high brand heritage.



**Figure 3: The Elements of Brand Heritage**  
 (Urde, Greyser, and Balmer, 2007, p. 9).

### **Track record**

*Track Record* has to do with how well a company has “demonstrated performance” and “over time has lived up to its values and promises” (Urde, Greyser, Balmer, 2007, p. 9). Creating a track record sets the pace for a brand; it is how the company views itself today and how it will continue to view itself for the future (Urde, Greyser, Balmer, 2007, p. 9). This consistency allows for “accumulated credibility and trust”, in which “are typically part of a heritage brand” (Urde, Greyser, Balmer, 2007, p. 9). Since Chanel was founded in 1910, it has been committed to abiding and living by its values of simplicity, sophistication, anticipation, and liberation (Chevalier and Mazzalovo, 2004, p. 102). Even with its changes in CEO’s, managers, and designers, Chanel has continued to liberate women’s fashion by staying true to its values and carrying out the legacy of Coco Chanel (Chevalier and Mazzalovo, 2004, p. 102).

### **Longevity**

Urde, Greyser, and Balmer state that longevity is one of the most difficult elements to measure as it is affected by the remaining four elements (2007, p. 10). In turn, the authors feel that *longevity* can be measured based on how well the remaining elements have been instilled and consistently represented by the company, even with the transitions between CEO’s and company leadership (Urde, Greyser, and Balmer, 2007, p. 10). In the case of Chanel, this is best represented by the smooth shift from Coco Chanel to Karl Lagerfeld as the creative director for Chanel (Nagasawa, 2011, p. 62). After Coco Chanel’s death in 1971, Karl Lagerfeld stepped in as Chanel’s head designer (Nagasawa, 2011, p. 58). As Chanel being one of the top luxury brands in the world, there were many critiques and opinions on this transition. Lagerfeld himself has even said that Chanel “would have hated his work” and what he has done to “[her] fashion house” (Alexander, 2012). On the other hand, the current Chairman of Chanel, Bruno Pavlosky, completely disagrees. Pavlosky has said that he thinks Chanel would be very proud of the work that Lagerfeld has created and that “she would be very satisfied with the way Karl has reinterpreted the things she created” (as cited in Alexander, 2012). It has also been said the transition from Coco Chanel to Lagerfeld was not only a forced transition, but also a necessary one. Coco Chanel was failing to revitalize the image of the

brand to keep it current with consumer demands and trends (Nagasawa, 2011, p. 63). When Karl Lagerfeld started at Chanel in 1983, he described the company as being tired; he called it a “Sleeping Beauty” (Nagasawa, 2011, p. 62). Instead of creating a whole new look for the company and the brand, his mission was to “resurrect the style invented by Coco Chanel” (Nagasawa, 2011, p. 62). His “progressive approach to creativity” and by not abandoning the values and brand image, instilled decades ago, has created longevity for the brand (Nagasawa, 2011, p. 47).

### **Core values**

Urde, Greyser, and Balmer state that a company's *core values* guide “its corporate behaviour and its choices regarding policy and actions” (2007, p. 10). Core values ultimately affect the entire strategy of the brand becoming a key component of the brand’s heritage (Urde, Greyser, & Balmer, 2007, p. 10). As mentioned previously, Chanel’s strong core values created based on Coco Chanel and France: simplicity, sophistication, anticipation, and especially liberation, have kept the company’s image, messages, and actions consistent (Chevalier and Mazzalovo, 2004, p. 102). These values have helped Chanel to keep external communications compatible and in line with the internal actions of the company (Urde, Greyser & Balmer, 2007, p. 10). Over time, these core values have become ingrained in Chanel’s internal and external communications keeping its liberated brand identity alive, and thus, creating an even stronger brand heritage (Urde, Greyser & Balmer, 2007, p. 10).

### **Use of symbols**

Companies use *symbols* to “express the meaning and heritage” of the company (Urde, Greyser & Balmer, 2007, p. 10). In the case of Chanel and Chanel No. 5, the Chanel double C logo, the number 5, and the iconic shape of the Chanel No. 5 bottle, are of symbolic value. Chanel’s double C logo is a monogram logo that is made up of Coco Chanel’s initials (Chevalier & Mazzalovo, 2004, p. 35). The use of Coco Chanel’s initials “stand for the brand” (Urde, Greyser & Balmer, 2007, p. 11) and they reinforce the importance of the brand’s founder, history, and heritage. In addition, when Chanel No. 5 was first created, it was the fifth scent to be presented to Coco Chanel by the “nose”, Ernest Beaux (Hautala, 2011, p. 4). The number five was Chanel’s lucky number, and to this day, holds symbolic significance to the brand and the perfume (Hautala, 2011, p. 4). Additionally, Chanel No. 5 was the first perfume to be sold in a square shaped bottle (G. Harnick, personal communication, March 9, 2016). This square shape bottle symbolizes and differentiates Chanel No. 5 from the rest of the perfumes presently, and when it was first released (G. Harnick, personal communication, March 9, 2016). These symbols have made Chanel and Chanel No. 5 easily identifiable by consumers giving the brand a deeper meaning and a distinctive representation (Urde, Greyser & Balmer, 2007, p. 11).

### **History**

According to Urde, Greyser, and Balmer, *history* is important to a company’s identity because it is the story of who they are and what they represent (Urde, Greyser & Balmer, 2007, p. 11). More specifically, “for heritage brands, the history influences how they operate today, and also the choices for the future” (Urde, Greyser & Balmer, 2007, p. 11). A company can use its history internally, externally, and/or both to communicate with stakeholders, employees, and consumers (Urde, Greyser & Balmer, 2007, p. 11). Chanel is a brand that is “faithful to its roots” (Chevalier & Mazzalovo, 2004, p. 107), and it uses its history to communicate both internally and externally. When compared with other luxury brands such as Hermès and Louis Vuitton, the power and richness of Chanel is much more significant (Nagasawa, 2011, p. 56). Chanel established its label in the 20<sup>th</sup> century and was the frontrunner in liberating the appearance of women (Chevalier & Mazzalovo, 2004, p. 187). This is a history that Chanel is proud of, and it is an integral

piece to its advertising and marketing strategies. For example, the entire history of Chanel is displayed on a separate website from the Chanel product site ("Inside Chanel", n.d.). It lists Chanel's achievements, milestones, and important historical events in a timeline format ("Inside Chanel", n.d.). This web site is called "Inside Chanel". The site also talks about specific product releases and fashion vocabulary. It has even archived its advertisements for viewers to enjoy over and over again, including Chanel No. 5's signature cinematographic commercials ("Inside Chanel", n.d.). Chanel's history is "important to its identity" (Urde, Greyser & Balmer, 2007, p. 11); it is also important to the internal affairs of the organization, and it is has also proven to have external value for its customers and stakeholders (Urde, Greyser & Balmer, 2007, p. 11).

### **Brand stewardship**

In order for a company to utilize its brand heritage to its full potential, it must tie these five elements together through a brand stewardship function (Urde, Greyser & Balmer, 2007, p. 15). This function's primary responsibility is to leverage the company's heritage using it as an asset and protecting its value (Urde, Greyser & Balmer, 2007, p. 15). Through Urde, Greyser, and Balmer's findings they discovered many actions associated with a brand stewardship function, many of which Chanel has demonstrated (2007, p. 15):

- You treat what has been done before you with respect.
- You have a focus on and an understanding of your company's core values and their link to heritage.
- You recognize the value and importance of symbols and symbolic actions, and know how to use them consistent with the core values.
- You have the ability to know when to accommodate change that involves the brand's heritage (Urde, Greyser & Balmer, 2007, p. 15)

Chanel has applied the above actions seamlessly. It has demonstrated its respect for the past by carrying out Coco Chanel's legacy, even with the shift to Karl Lagerfeld as Chanel's head designer. Chanel has also instilled its core values with its internal and external actions ultimately focusing and linking the brand to its heritage. Its use of symbols, such as its double C logo, connects the brand back to its founder and core values. And lastly, Chanel has proven its ability to accommodate change by continually revitalizing the image of Chanel No. 5 to keep up with current consumer trends. It has achieved this through using innovative marketing and advertising techniques for the product while still staying true to its brand heritage. With these demonstrations, it is apparent that Chanel has a strong brand stewardship function that utilizes and capitalizes on its brand heritage.

### **Heritage as a competitive advantage**

Through applying the five "Elements of Brand Heritage" to the Chanel brand, it is clear that the company uses its heritage as a competitive advantage through leveraging it in its global marketing and advertising campaigns (Urde, Greyser & Balmer, 2004, p. 11). According to Urde, Greyser, and Balmer, there are three major reasons as to why Chanel's use of heritage is so powerful:

- Heritage can provide a basis for distinctiveness in positioning, which can generate *competitive advantage*...
- Heritage can add to the brand's value proposition with depth, authenticity, and credibility for the *customer/consumer*...

- Heritage can help build a special relationship with a range of non-customer *stakeholders* ... heritage may make it easier to recruit (and retain) executives and employees. Heritage may also build *internal commitment and pride* to be part of a brand 'bigger than oneself' (2007, p. 12)

Chanel's use of heritage generates positive results because it is "distinctive for the brand" (Urde, Greyser & Balmer, 2004, p. 11) and it is difficult for its competitors to imitate (Urde, Greyser & Balmer, 2004, p. 11).

## CONCLUSION

Localizing advertising and marketing strategies may be necessary for some companies to generate brand interest and loyalty; however, companies with a strong brand heritage can leverage this element allowing them to find success when using a global strategy. Therefore, the reason why Chanel does not need to localize its advertising and marketing strategies is due to its strong brand heritage that is communicated internally and externally through its brand stewardship function. Chanel's continual ability to create modern and innovative advertisements for its products, such as Chanel No. 5, that stay true to its heritage creates consumer interest and in turn brand loyalty.

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