

Chanel Le Lift Smoothing and Firming Crème: A Marketing Analysis



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Executive Summary

The purpose of this report is to deconstruct the marketing strategy used to market Chanel's Le Lift Smoothing and Firming Crème. The company Chanel was established in 1909 by Gabrielle (Coco) Chanel. This report asserts the market segmentation identifying the target consumer is a mature female that values luxurious, high-end products that have natural ingredients. This report also identifies the three-product layer. The core layer is seen as the anti-aging crème and the actual product is the elegant glass jar, branding and packaging. Further, the augmented product layer is seen as the branding and exclusivity that comes with purchasing the product. The crème is also identified as a speciality product due to the unique alfalfa follower and brand identification used. Additionally, this is a non-durable product as the crème only lasts for 18 months after first use. The product is currently in the introductory stage of the product lifecycle as it is a new product. Moreover, Chanel adds value to their packaging by emphasising the natural ingredients used and the luxurious qualities of the packaging such as the simplistic and elegant glass jar. Further, the crème has the most reasonable price compared to its competition. There are different formulas to the texture and the non-monetary value of prestige that it provides consumers attracts its target market. Therefore, the crème also has competition-based pricing that allows for quality resources and therefore, quality products. There are also two factors that influence price—these being the cost of the products production and the Chanel branding. These two attributes influence the price of the crème, as the flower used is sourced from France and the mature brand identity increases the price. This report also examines the promotional elements of the print ad. The execution strategy is seen as 'mood or image' as an elegant, luxurious mood is created due to the colours used and the minimal text. Also, the advertising objective to inform is utilised as this is a new product. Various Integrated Marketing Communication elements are used, such as advertising, personal selling, public relations, sales promotion and direct and digital marketing. Push and pull strategies are used throughout these elements to get the consumer to the final purchasing stage. Furthermore, the product uses direct and indirect marketing channels to retail their products. Intermediaries such as retailers and physical distribution firms are also used to help sell products. Additionally, the Le Lift Crème uses an exclusive distribution strategy and retails in department stores to reinforce the exclusivity surrounding the product and brand. Finally, two recommendations are suggested. The first recommendation concerns the product line and integrating more information about the different consistencies of the Le Lift range to enhance the target market. Secondly, a corporate responsibility recommendation is made to stop Chanel's products being tested on animals. It is suggested that Chanel lobby against the Chinese Government, offer alternate solutions to animal testing and potentially package products that will be sold in China onshore. This would provide an increase in profit and more consumers purchasing Chanel products, therefore making the company more socially responsible.

Table of Contents

Chanel Le Lift Smoothing and Firming Crème:	i
Executive Summary	ii
Table of Contents	iii
1.0 Introduction.....	5
1.1 Purpose and Authorisation	5
1.2 Limitations	5
1.3 Scope.....	5
2.0 Background on the Product.....	5
2.1 Chanel Le Lift Crème’	5
2.2 Company Background.....	5
3.0 Target Market	6
3.1 Target Segmentation	6
Table 3.1.1 Target Market Segmentation	6
4.0 Product.....	7
4.1 The Three Product Layers	7
4.1.1 Three Product Layers	7
4.2 Classifying the Product	9
4.2.1 Table 3.0 Product Classification.....	9
4.3 Identifying the Product Lifecycle.....	10
4.4 Branding the Product	11
4.4.1 Product Branding Differentiation	11
5.0 Price.....	12
5.1 Comparing the Price to Competitors	12
Table 5.0 identifies Chanel’s competition between different brands and products.....	12
5.2 The Pricing Objective	13
Table 5.2.1 Pricing Objective.....	13
5.3 Factors Influencing the Price of the Product	14
5.3.1 Table 7.0 Factors Influencing Price.....	14
6.0 Promotion	15
6.1 Analysing a Print Advertisement	15
6.1.1 The Execution Strategy and Message.....	15
6.1.1 Table 8.0 Execution Strategy	15
6.1.2 The Advertising Objective	16

6.2.1 Table 9.0 Advertising Objective.....	16
6.3 The Integrated Marketing Communication Mix Elements Used	17
6.3.1 Table 10.0 Chanel’s Integrated Marketing Mix Elements	17
7.0 Placement.....	20
7.1 The Product’s Channel Strategy.....	20
7.1.1 The Products Marketing Chanel and Intermediaries.....	20
7.2 The Product’s Distribution Intensity and Retail Outlets Utilised	21
7.2.1 Product Distribution Intensity and Retail Outlets	21
8.0 Conclusions.....	22
9.0 Recommendations.....	22
9.1 Table 13.0 Recommendations	23
List of References	26
Appendices	29
Appendix 1: Actual Product.....	29
Appendix 2: Chanel Print Advertisement.....	29
Appendix 3: Product Packaging.....	30
Appendix 4: Bottom of Packaging	30
Appendix 5: Marie Claire September 2018 Cover	31
Appendix 6: Chanel Locations.....	31
Appendix 7: Myer Store Locations	32
Appendix 8: David Jones Location	33

1.0 Introduction

1.1 Purpose and Authorisation

This report has been authorised by Dr David Fleischman, the course coordinator of BUS105: Introduction to Marketing. The purpose of this report is to deconstruct Chanel's marketing strategy for their Le Lift Smoothing and Firming Crème.

1.2 Limitations

The information used to construct the report is limited to secondary data. This includes resources such as academic journal articles and retailer's websites. Further, the report is limited to considering the marketing activities undertaken in Australia and does not consider the international marketing of the product.

1.3 Scope

The report deconstructs the marketing on Chanel's Le Lift Smoothing and Firming Crème. The products background, market segmentation, and the marketing mix will be utilised to examine the products marketing strategy.

Additionally, recommendations will be provided to enhance future marketing. Numerous sources have been included to analyse the marketing of this product.

2.0 Background on the Product

2.1 Chanel Le Lift Crème'

The Le Lift Crème is an anti-aging facial crème that is comprised of 94 per cent natural ingredients. The product's botanical concentrate provides smoothing and firming properties to the skin (Marie Claire LLC, 2018). Le Lift Crème uses an innovative botanical alfalfa plant that is suitable for sensitive skin and is as efficient as retinol (Chanel, 2018).

The cosmetic product is manufactured by Chanel INC.'s privately owned factories, with the majority located in France, Italy and Switzerland. Chanel's Beauty manufacturing sector has over 900 suppliers with over half providing the company with natural raw materials (Chanel, 2018).

Chanel's fragrance and beauty activity has over 900 suppliers, 69 per cent of which provide raw materials. 27 per cent supply natural raw materials of strategic importance for the brand, and the company has direct access to the origin of such materials.

This product can be purchased from Chanel boutiques and Chanel Online (Chanel, 2018), Myer (Myer, 2018) and David Jones (David Jones, 2018).

2.2 Company Background

Chanel is a privately-owned company founded in 1909 by Gabrielle (Coco) Chanel. The company defines itself as "a leading luxury brand in supporting three key businesses: fashion, fragrance and beauty' (Sugimoto & Nagasawa, 2017).

3.0 Target Market

3.1 Target Segmentation

Target market segmentation allows companies to identify a specific audience with similar personality traits and needs (Yu, et al., 2017). The four main categories used to separate the consumer market include demographics, psychographics, behaviour and geographical segmentation. Table 1.0 examines the products market segmentation and target consumer.

Table 3.1.1 Target Market Segmentation

Table 1.0		
Segmentation Style.	Definition.	Application to Chanel Le Lift Smoothing and Firming Crème.
Demographic	Demographics divides the consumer market into variables such as age, gender, occupation, income, family size and education (Armstrong, et al., 2017).	<ul style="list-style-type: none"> • Female. • 30s-60+ years old. • Employed or recently retired with a high amount of disposable income. • High-earning jobs such as those in the top positions of their occupation (business owner, entrepreneurs or experts in their field of work). • Income: within the fourth to the highest quintile of the Australian wealth distribution (Edwards, 2018). • Income in AUD (fourth-highest quintile) \$129,428-\$261,872 annually. • Graduated with University degree and may have a Masters/PhD in their field.
Psychographic	Variable divide the consumer market into areas such as social class, lifestyle and personality traits (Armstrong, et al., 2017).	<ul style="list-style-type: none"> • High social status. • Values luxurious and high-quality products such as fashion and beauty items. • Values: exclusivity, self-expression and aesthetic (Yu, et al., 2017). • Concerned about their psychical appearance. • Luxe lifestyle. • Owns other high-end branded products. • Personality that is confident and independent • Is passionate about topics that interest them. • Values education. • Affluent. • Sociable. • Values products that use natural, organic ingredients in skincare.
Behavioural	Behavioural segmentation divides market based on variables of consumer knowledge, loyalty, attitudes and benefits. User rates and user status are	<ul style="list-style-type: none"> • Knowledgeable of the right/best products to use. • User status: uses other high-end brands such as Chanel and potentially other products in the Le Lift range.

	further used to separate the market (Armstrong, et al., 2017).	<ul style="list-style-type: none"> • Loyalty rates: only use high-end brands such as Chanel and may only use products from the Le Lift range. • Benefits pursued: high quality and heightened personal image due to luxe connotations from designer brands
Geographic	Different geographical variables such as regions, states, nations and neighbourhoods distinguish the target market (Armstrong, et al., 2017).	<ul style="list-style-type: none"> • Metropolitan, inner urban suburbs, inner city (Elliot, 2017) and affluent retirement areas. • Australia and International (Marie Claire Australia, 2018) • Cities such as Melbourne (Port Melbourne, CBD and Southbank), Brisbane (Newstead and CBD), Sydney (CBD and Mosman) and Canberra (South Canberra, CBD and Molonglo Valley), Ashburton Western Australia and other metro areas such as Gold Coast and Adelaide. (Macleod, 2015)

Therefore, the Chanel Le Lift Crème’s average consumer is a mature, tertiary educated and wealthy, recently retired or employed female. The consumer has a high social class, lives a luxe lifestyle, and indulges in high-end brands, values high-quality and natural skin care. They also reside in Australia’s affluent cities such as Melbourne, Sydney and Canberra or surrounding wealthy suburbia.

4.0 Product

4.1 The Three Product Layers

A product consists of three layers: the core layer, the actual product and the augmented layer (Armstrong, et al., 2017). Table 2.0 identifies the three product layers of the Chanel Le Lift Crème.

4.1.1 Three Product Layers

Table 2.0		
Product Layer	Definition	Application to Chanel Product
Core Product	The core customer values are the foundational level questioning exactly what the consumer is purchasing and identifies the problem-solving benefits the consumer expects	<ul style="list-style-type: none"> • The product benefits are the anti-aging properties the product has on the skin. • This product satisfies the consumer’s need for a naturally occurring product as 94 per cent of the ingredients occur naturally (Marie Claire LLC, 2018). • The Chanel Le Lift Crème produces benefits of: <ul style="list-style-type: none"> - Smoothing wrinkles by -25 per cent* - Firming skin by +10 per cent** - More radiant skin by +34 per cent *** - Increasing skin elasticity by +20 per cent*** - (Chanel, 2018)

	of the product (Armstrong, et al., 2017).	
Actual Product	The second level of the product layer is the actual product. This level focuses on design, quality level, service features, brand name and packaging (Armstrong, et al., 2017).	<ul style="list-style-type: none"> • The actual product is the crème itself. The crème is a light pink glossy colour packaged in small, soft edge, rectangular, clear glass jar. The name of the product “LE LIFT CRÈME” is printed in capital letters in the colour of the crème. • The prestigious brand name “CHANEL” is in a larger font underneath the name of the product, branding the product as an expensive and luxurious item due to the elegant and iconic brand. • The exterior packing of the crème is a small, sophisticated black box with the bottom lined with a small strip of a soft pink colour like the products colour (see Appendix 3). The product’s contents and weight (50mls) is printed in white on the pink strip. The iconic bold brand name ‘Chanel’ is the largest word written in capital white letters (Chanel, 2018).
Augmented Product	The augmented product is the benefits and any other additional consumer services that are offered when the product has been purchased (Armstrong, et al., 2017).	<ul style="list-style-type: none"> • On the Chanel Le Lift Crème packaging, there is a small description of the product. • There are brief instructions about the application of the product in nine different languages. • There is a small jar with a lid that is slightly off which identifies that the product should be used within 18 months or the crème will expire (Cosmetics Europe , 2018). Value is added, as this will allow consumers a year and half to effectively use the product before it expires and also to know when not to use the crème, in order to avoid breakouts. • There are small symbols on the bottom of the packaging with a recycling symbol, a rectangle, identifying: ‘this product can only be sold by Chanel retailers’. This adds value to consumers who care about the environment and sustainability. The rectangle also ensures that the product is authentic. • The underside of the packaging also mentions that the product is ‘Made in France’ which adds value for consumers who value prestige high-end products. • The trademark logo of Chanel is featured on the packaging. The added value of this packaging decision serves to help the consumer identify the product with the high-quality luxury that is associated with the brand name (Refer to Appendix 1).

Therefore, the Chanel Le Lift Crème satisfies and meets the requirements of the consumer who desires an anti-aging product with natural and organic ingredients. The core product is the crème itself and the anti-aging properties the product has on the skin. The actual product is an elegant, glass jar with the name of the product printed in the colour of the crème. The packaging contains recycling symbols and a ‘use by date,’ adding value by promoting a recyclable product for consumers who are concerned about the environment and the period the crème must be used within. Augmented value is created from the logo and capital letters of Chanel. These add value to the crème, therefore making it an expensive, high-end brand. This identifies that the face crème is high-end and high-quality due to the luxurious associations the iconic brand implies.

4.2 Classifying the Product

The Chanel Le Lift Crème is classified as a speciality product that is non-durable. Table 3.0 identifies the product’s classification.

4.2.1 Table 3.0 Product Classification

3.0 Product Classification		
Product Classification	Definition	Application to Chanel Le Lift Smoothing and Lifting Crème
Specialty Product	<p>Specialty products are classified as products and services with unique characteristics or brand identification that a specific niche market is willing to make a special purchase effort. Consumers generally do not compare specialty products; they invest only the time needed to reach dealers of the desired product. (Armstrong, et al., 2017).</p> <p>These products are a high involvement purchase as specialty products are high priced. Consumers of these products are also less price sensitive and products can have limited (exclusive) distribution</p>	<ul style="list-style-type: none"> • The Le Lift Crème is identified as a speciality product due to the product having unique characteristics, brand identification and a niche market. • The crème uses a thousand-year-old alfalfa botanical concentrate that is grown in France for the best quality (Chanel, 2018). The flower offers a dual action by increasing collagen synthesis and activating cellular production to improve epidermal renewal (Chanel, 2018). These are unique characteristics, as the flora and natural content in this product places it within a niche market, as many other anti-aging crème ingredients are not naturally occurring. • Additionally, the product is produced by Chanel, which is a high-end, expensive brand with exclusive products. The brands DNA allows for goods to be sold at high prices due to the prestige surrounding the product and the inability for non-luxury companies to copy the product due to the high value the brand attributes to the product (Sugimoto & Nagasawa, 2017). • Further, the distribution of the Le Lift Crème can be considered exclusive as there are only two other reputable retailers (Myer and David Jones) that sell this product. Luxury brands such as Chanel open flagship stores in the most expensive shopping areas (city CBD) and target customers online which provides them with a diverse

	(Armstrong, et al., 2017).	<p>distribution channel, but some suppliers can only have limited stock. (Shubin , et al., 2017). In countries such as the United States, if the crème is bought from the official Chanel website, it cannot be shipped to Hawaii, Alaska or internationally (The Drem Review, 2018). The product can also not be bought online from the official Chanel site in Australia.</p> <ul style="list-style-type: none"> • Due to the Chanel being a luxurious brand, there is a high involvement purchase process due to the high price and self-expressive element (Yoon & Kim , 2001)
Non-durable product	<p>Non-durable products are defined as goods that are consumed in a short period of time. These goods are identified as consumables and examples of these goods are cosmetics, food, textiles and fashion items (Green, 2016)</p>	<ul style="list-style-type: none"> • The Chanel Le Lift Crème is identified as a non-durable product due to the short amount of time the product must be used. Chanel advises that this product must be consumed within 18 months of opening before the product will expire.

Therefore, the Chanel Le Lift Crème is classified as a speciality product as the product has unique characteristics due to the high amount of natural ingredients. Additionally, as the crème is a branded product from Chanel, this increases the price and makes this item a high involvement purchase. This product is also non-durable as the product must be used within two years before the crème will expire.

4.3 Identifying the Product Lifecycle

The Chanel Le Lift Crème is currently in the Introduction stage of the product lifecycle. The introductory stage is the most important part of the product lifecycle as the market pioneer must choose a launch strategy that will intend the product positioning (Armstrong, et al., 2017). In this stage manufacturing increases, product distribution is limited, and the marketing costs are high (Bengü & Kara, 2010).

According to Chanel’s ‘Report to Society’, the companies sales rose 11per cent in 2017 to \$9.6 billion (Chanel, 2018). While in the Asia Pacific, Chanel’s profit turnover was \$3,751 million in 2017 (Chanel, 2018). Further, Forbes estimates that by May 28, 2018 Chanel has produced \$5.6 billion in sales. Thus, as Chanel is over 100 years old, the company is a mature brand.

The Le Lift Crème is an identified a new product on the official Chanel website. According to the United States official Chanel website, this product is a new generation of the Le Lift Crème, targeted at women that search for naturalness (Chanel, 2018). Therefore, this identifies that the Chanel Le Lift Crème is currently in the ‘introduction stage,’ as it is classified as a new product and an innovative new formula of an older product.

Moreover, the marketing of the product has been limited to fashion editorials but can be considered high as the advertisements have been over a two-page spread. Some magazines that the advert has been featured in include *Marie Claire*, *Vogue* and *Harper's Bazaar*.

Also, by only having minimal advertising coverage of the product, this further enhances the exclusivity of the product, and the life cycle as not many people are aware of the product yet.

4.4 Branding the Product

Product Branding is used to primarily create differentiation and preference between consumers through the physical attributes of the product (Yu Xie & Boggs, 2006).

The two tangible branding techniques used to differentiate itself and appeal to the target consumers' personality are the emphasis on natural and organic ingredients used in the crème and luxurious product design. Table 4.0 examines the two tangible product attributes.

4.4.1 Product Branding Differentiation

Table 4.0	
Attributes	Application to Chanel Le Life Crème Smoothing and Firming
Emphasis of Natural Ingredients	<ul style="list-style-type: none"> Chanel has focused primarily upon differentiating the product by emphasising the high quantity of natural ingredients found in this product. The tangible feature of this product can be considered the products focus on naturalness. As this is a reinvention of 'Le Lift Firming' crème yeux, this product contains 94 per cent of natural ingredients. Additionally, Chanel's use of alfalfa flower is used in replacement of retinol and is comparatively as effective as Retinol (Vitamin A) (Marie Claire LLC, 2018). This differentiates the product from the original for people who value more natural and organic products over chemical based (Chanel, 2018). Also, this product differentiates itself, as Chanel's use of organic alfalfa flower is unique and not found in any other anti-aging products.
Luxurious Packaging	<ul style="list-style-type: none"> Chanel uses three main colours in their packaging black, white and pink (Refer to Appendix 3). The use of black in Chanel's packaging connotes attributes of elegance, formality and sophistication (Bourn, 2010). This relates back to Chanel's brand identity of 'the modern elegant woman,' sophistication and simplicity (Alston & Dixon, 2014). The use of black supports the companies brand identity and stimulates the target customers' values of simplicity and sophistication. Chanel further uses white to highlight the brand's name and important information. This results in the creation of feelings of purity, light, goodness, perfection and softness (Bourn, 2010). This refers to Chanel's perfection and the softness the name infers due to the luxury brand's perception of femininity in its products.

	<ul style="list-style-type: none"> • The use of pink is highlighted within the packaging; connoting feelings of romance and femininity (Bourn, 2010). This adds value to the product due to it attracting a female consumer market. • This product packaging aligns with consumer characteristics, as the use of black, white and pink connote feelings of luxury, perfection and femininity. This relates to Chanel’s target market of females that value luxury high-end brands. • Further, the product packaging differentiates itself and creates consumer preference due to the use of the distinct Chanel colours (black and white) used in their logo.
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Therefore, this product emphasises the use of natural ingredients, reinforcing Chanel’s differentiation and aligns with the target market’s value for naturalness. Chanel Le Lift Smoothing and Firming Crème also utilises the brand’s distinct black and white colours to portray feelings of elegance and sophistication that also brand the product as a Chanel item. These two attributes assist in connecting the personality of the target audience to the product’s branding.

5.0 Price

5.1 Comparing the Price to Competitors

Price is seen as the amount of money a company charges for a product or service. Further, the sum of values that consumers give up (either monetary or non-monetary) to gain the benefits from a product or service (Armstrong, et al., 2017).

Table 5.0 identifies Chanel’s competition between different brands and products.

Table 5.0			
Brand	Product Name	Price	Size of product
Chanel	Le Lift Smoothing and Firming Crème	\$205 (Myer, 2018)	50ml (\$41 per 10ml)
Tatcha	Ageless Enriching Renewal Crème	\$271 (Mecca, 2018)	55ml (\$40 per 10ml)
By Terry	Liftessence Daily Cream	\$220 (Mecca, 2018)	30ml (\$73.33 per 10ml)
Elizabeth Arden	Ceramide Premiere Night Cream	\$186 (Myer, 2018)	50ml (\$33 per 10ml)
Guerlain	Abeille Royale Day Cream	\$215 (Myer, 2018)	50ml (\$43 per 10 ml)

It is apparent that the Chanel Le Lift Smoothing and Firming Crème is the median option among the product’s competition. Chanel is the most natural and the only product that uses organic Alfalfa flower concentrate compared to others such as ‘By Terry’ that uses rose and a high amount of chemical ingredients.

Additionally, although the ‘Tatcha Ageless Enriching Renewal Crème’ has the largest amount of product, there is not the same amount of prestige and luxury that surrounds the item compared to Chanel. Since Chanel is a mature brand, there is more history and elegance built

around it. This creates trust in knowing that the product will work effectively and have a luxe feel.

Furthermore, since Chanel is recognised as the median product between its competitors, it identifies that Chanel may be a product that is neither expensive, nor inexpensive amongst its competitors. This product is also available in three different consistencies allowing for the best match to the consumer’s skin type (Chanel, 2018). Therefore, the product’s monetary value is reasonably priced due to the innovative natural properties of alfalfa, which has similar effects to Retinol and allows consumers to receive the benefit of naturalness. Moreover, the non-monetary value of luxury and prestige associated with the mature brand of Chanel has higher importance and provides consumers with the benefit of a high-end luxury product.

5.2 The Pricing Objective

Chanel Le Lift Smoothing and Firming crème uses competition-based pricing. Table 6.0 identifies how competition-based pricing is applied to the product.

Table 5.2.1 Pricing Objective

Table 6.0		
Pricing Objective	Definition	Application to Chanel Le Lift Smoothing and Firming Crème
Competition Based Pricing	<p>Competition based pricing is defined as prices that are based on competitors’ strategies, costs, prices and market offerings (Armstrong, et al., 2017).</p> <p>Additionally, competition-based-pricing allows companies to target consumers by creating high-value though their products allowing for goods to be sold at high prices (Armstrong, et al., 2017).</p>	<p>Consumer Perceived Value</p> <ul style="list-style-type: none"> Chanel promotes the Le Lift Crème as a 94 per cent naturally occurring product with the properties of a thousand-year-old plant (Chanel, 2018). This creates the customer’s perceived value to be high due to the unique and exclusive alfalfa flower, used for demineralising and nutritional properties. Value is additionally created due to the flower not being a property used in any other product, and the flower provides similar results as retinol which can be attractive to those who like natural products <p>Targeting consumers</p> <ul style="list-style-type: none"> Chanel targets mature female consumers who are affluent, educated, employed or recently retired who value natural skin care and have the disposable income to pay more for exclusivity and elegance. <p>Quality for High Prices</p> <ul style="list-style-type: none"> Chanel is a mature brand that is known as a luxurious and prestigious company. The company’s longevity in the market and their European quality assurance encourages consumers to view them as trustworthy. Chanel targets affluent women who are willing to pay for high-end brands because of their exclusivity, the location where the products are manufactured and the ingredients used in their manufacture.

Therefore, this product establishes competition-based pricing that allows for a higher level of consumer-perceived value to be created because of the high quality of natural ingredients used. Also, Chanel Le Lift Crème uses this competition-based pricing to target consumers who are women who have discretionary income and value high-end brands. Finally, this product is of high quality, allowing for high prices to be charged due to the prestige branding and quality of resources used by Chanel in their products.

5.3 Factors Influencing the Price of the Product

Two factors that affect the price of Chanel Le Lift Smoothing and Firming Crème is the cost of producing the products ingredients and the branding of Chanel. Table 7.0 identifies how these factors influence the product’s price.

5.3.1 Table 7.0 Factors Influencing Price

Table 7.0	
Influence	How This Effects the Product’s Price.
Cost of producing the product’s ingredients	<ul style="list-style-type: none"> The price of producing the ingredients is high as Chanel’s Le Lift crème uses a thousand-year-old flower called alfalfa. The product is rich in minerals and is grown in France for the best quality (Chanel, 2018). Since the flower has many properties, is only grown in France and is not used in any other skincare product, this allows for the higher price because of the exclusivity of the flower in only Chanel anti-aging skin care products. Moreover, 27 per cent of Chanel’s suppliers source natural raw materials, because of strategic importance for the brand, and Chanel has direct access to the origin of such materials (Chanel, 2018). The alfalfa flower may be included in this 27 per cent as it is only found in Chanel anti-aging products.
Cost of Chanel Brand identity	<ul style="list-style-type: none"> Price can also be influenced by Chanel’s brand identity. Due to the anti-aging crème being produced by Chanel, luxurious connotations surrounding the product increases the price because they are a mature, prestigious company. Chanel’s brand identity builds top-of-mind awareness leading to trust and understanding by consumers and leaving a positive association allowing for prices to increase. The company believes that the quality that goes into each product provides excellent value for the price (Lackie, 2005). Furthermore, this identifies that the company believes that the pricing is fair due to the high craftsmanship and quality of each product.

Therefore, Chanel’s cost of production for the products’ ingredients can increase the price of the product due to the exclusivity and growing origin of the organic alfalfa flower. The uniqueness of the flower attracts the target audience as the flora isn’t used in any other anti-aging crème and consumers who value natural elements in their skin care will pay more. Moreover, price can be influenced due to Chanel’s brand identity because they are a respected and luxurious brand that can increase their prices because of their quality-of-goods.

6.0 Promotion

6.1 Analysing a Print Advertisement

6.1.1 The Execution Strategy and Message

The promotional message of the Chanel Le Lift Crème is ‘luxurious natural beauty’. The advertisement has utilised ‘mood or image’ to execute the message. Table 8.0 analyses how the execution strategy was delivered in the advertisement.

6.1.1 Table 8.0 Execution Strategy

Table 8.0		
Execution Strategy	Definition	Application to Chanel Le Lift Smoothing and Firming Crème
Mood or Image	Mood or Image is built around the product a product while little claims are made about the product except through suggestion (Armstrong, et al., 2017).	<ul style="list-style-type: none"> The execution-style can be considered Mood and Image. A specific luxurious feel is built around the product as the colour pink is used to create a mood of Love, tranquillity and femininity and beauty (Bourn, 2010). This is attractive to a female target audience as these feelings are desired and by using the Le Lift crème those feelings are conveyed into their everyday life. The use of alfalfa flower in the background further targets the female audience and produces a feminine, luxurious mood. Additionally, the use of a model shows the audience that by using the crème you may look youthful. There are minimal claims made about the product with only once sentence explaining what the product is. The use of flowers, a model and the photograph of the crème allows for the audience to make simple connections that the crème contains the flower and her use of the crème has allowed her skin to look flawless and young. The image evokes the feelings of elegance, femininity, natural beauty and luxury as a result of the colours and images used. <p>(Refer to Appendix 2 for the promotional image)</p>

Therefore, ‘mood or image’ has effectively been used in this advertisement to develop feelings of luxury and elegance associated with the brand Chanel and the Le Lift Crème. The promotional message evokes feelings of femininity and natural beauty due to the youthful model used and the colour pink utilised in the image. Although, there is a tagline, the promotion engages more with creating a luxurious mood due to having the model and the physical product as the centre of attention.

6.1.2 The Advertising Objective

The advertising objective employed in the print advert is used to ‘inform’. Table 9.0 investigates how Chanel uses informative advertising.

6.2.1 Table 9.0 Advertising Objective

Table 9.0		
Advertising Objective	Definition	Application to Chanel Product
Inform	Informative advertising is heavily used when introducing a new product to the market. By using this advertising strategy, this allows for consumers to become aware of the benefits and quality of new products.	<ul style="list-style-type: none"> • The Chanel Le Lift Crème uses the advertising objective of ‘inform’ which allows the audience to see the product offering and what the product does to the skin depicted through a model. • By using this objective, it identifies the elite brand and it highlights the unique features/benefits of the crème, the new technology used and that this is a new product. • Although, this is done in a tagline, information about the product is still supplied. Mood and image us still utilised to create a luxurious mood alongside the minimal information provided. • Furthermore, this advertisement provides a website (Chanel.com) for more information, identifying this product as a new product and allowing consumers to inform themselves further about the product. • Creates top-of-mind awareness for the consumer to look out for the product. <p>(See Appendix 2 for Print Advertisement)</p>

Evidently, the print advertisement effectively applies informative advertising to inform the target audience about Chanel’s new product. The print advertisement establishes that this advertisement is used to inform through the information provided about the benefits the new

Le Lift Crème provides. Additionally, although the benefits of this product are only seen in a minimal sentence; mood and image reinforces the message of luxury and the advertisement informs consumers about the company who made the product. This creates top-of-mind awareness with the consumer.

6.3 The Integrated Marketing Communication Mix Elements Used

The Integrated Marketing Communication refers to the careful integration of a company’s communication channels to deliver consistent, compelling and clear messages about the brand (Armstrong, et al., 2017).

The IMC mix foundations that Chanel uses are advertising, personal selling, sales promotions, public relations, direct and digital marketing and simple digital marketing (Armstrong, et al., 2017). Table 10.0 highlights the way Chanel applies each IMC mix element to communicate their products to the target market.

6.3.1 Table 10.0 Chanel’s Integrated Marketing Mix Elements

Table 10.0		
Promotional Mix Element	Definition	Application to Chanel Le Lift Smoothing and Firming Crème
Advertising	The promotional tool of advertising are types of presentations of products that are promoted by a sponsor (Armstrong, et al., 2017).	<ul style="list-style-type: none"> • Chanel advertised in the September 2018 edition of fashion magazine <i>Marie Claire</i> (Refer to Appendix 5). • Chanel has utilised the IMC mix element of advertising to target the magazine’s readers. • Consecutively, the advertisement accesses a niche of consumers and allows Chanel to further build/build-on a long-term image for their product line of Le Lift crème and other products in the range. • Advertising this specific advertisement has allowed Chanel to reach masses of geographically dispersed consumers and gives Chanel the opportunity to repeat the message many times in different forms of media vehicles (online, social media and other magazines). • Although, the advertisement can reach many people quickly, it can be impersonal. • Chanel uses the ‘Pull strategy’ to direct consumers as interest is created around the crème and can persuade consumers to actively seek out more information about the product or drive them to purchase the crème (Armstrong, et al., 2017)
Personal Selling	The promotional tool of personal selling is the most effective tool during	<ul style="list-style-type: none"> • Chanel uses the promotional tool of sales promotion as when in store, they offer personal assistance with shopping.

	<p>the buying stages. It provides personal interaction between two or more people to identify a consumer's needs and characteristics and assist them in reaching the final purchasing stage (Armstrong, et al., 2017)</p>	<ul style="list-style-type: none"> • As purchasing a luxury item is a high level of involvement purchase (Yoon & Kim , 2001), employees of the Chanel Boutiques assist consumers in deciding on which product is best for them. This is important for the Le Lift Crème as there are three different types of consistencies in the new range (smoothing and firming light, smoothing and firming, and smoothing and firming rich). Selective Chanel stores offer a personalised appointment that will help you discover the best Chanel products to use (Chanel, 2018). • By having a personal consultation on deciding which crème to use, this invites trust from a consumer in a brand and builds customer relationships • This is considered a 'push strategy' as a product is directly and personally chosen for the consumer/customer and can influence consumers to purchase.
<p>Public Relations</p>	<p>The promotional tool of public relations is used to create positive relationships with the brand's diverse publics. By establishing positive corporate relationships, good publicity and handling to negative rumours, public relations can be beneficial for a brand (Armstrong, et al., 2017)</p>	<ul style="list-style-type: none"> • As this Chanel product is only in the introduction stage of the product life cycle there are only a few available credible blog posts and news articles positively reviewing the product. The use of these new media channels provides positive publicity to spread a positive brand image and preconception of the Le Lift Crème. • There is a positive review of the Le Lift Crème on website <i>10 Magazine</i> that highlights the benefits of the crème and a link to the official Chanel website (10 Magazine, 2018). • Additionally, Chanel uses large editorial magazines such as <i>Vogue</i>, <i>Elle</i> and <i>Allure</i> to promote other items in the Le Lift range by reviewing and recommending the Chanel products. For example, <i>Vogue</i> reaches over one million people a month (News Corp, 2018). This large number allows for Chanel to influence consumers about their products in an indirect way. • This is a pull strategy as it uses recommendations and word of mouth from credible sources such as fashion editorials and blog posts to influence readers to purchase Chanel products.
<p>Sales Promotion</p>	<p>Sales promotion includes a large range of promotional tools such as coupons, contests,</p>	<ul style="list-style-type: none"> • Chanel uses the promotional strategy of sales promotion by providing consumers with complimentary samples when purchasing the Le Lift Crème. • Moreover, complimentary samples are also offered in boutiques. Chanel also offers luxe branded packaging

	<p>samples and premiums that offer many unique qualities. This promotional tool drives consumers with incentives to purchase.</p>	<p>both online and instore. This provides customers an incentive to buy products to try new products as they will receive samples.</p> <ul style="list-style-type: none"> • This is a push strategy as Chanel is offering incentives of free product samples to consumers.
<p>Direct and Digital Marketing</p>	<p>Direct Marketing is a less public way of interacting with a consumer. The method is immediate, personalised and interactive with the consumer. Methods include direct and digital marketing, direct mail and catalogues, online marketing and telephone marketing (Armstrong, et al., 2017).</p>	<ul style="list-style-type: none"> • Chanel uses the technique of direct marketing by having the option to receive a newsletter and creating an account on the Chanel website to receive a more ‘personalised shopping experience’ (Chanel, 2018). Inviting consumers to create an account with Chanel allows for a more personal and tailored approach to selling products to consumers. • Furthermore, Chanel offers a live 24/7 chat and a phone number to call and speak with customer care representatives (Chanel, 2018). This satisfies the use of direct and digital marketing as by having these services they are immediate and personalised and can build one-on-one relationships. • Moreover, on the United States Chanel website there is a section called ‘Q&A,’ where questions are asked by consumers and answered by Chanel to further understanding of the product and the ingredients used. Specifically, for the Le Lift crème there are questions such as ‘What does the product smell like?’ and ‘What’s the difference between the original Le Lift and the new product?’ (Chanel, 2018) • These are examples of ‘pull strategies’ as Chanel directs customers and encourages them to purchase items.

In summary, Chanel effectively uses push and pull strategies to promote their products to consumers. Advertising is used to target a wide range of consumers to induce them into buying Chanel products by using a pull strategy. Chanel implements personal selling as a push strategy which allows them to build brand relationships with consumers and provide a more personal buying experience. Further to this, Chanel utilises public relations as a pull strategy to indirectly promote their products on credible sources. Sales promotion is used as a push strategy by Chanel to offer incentives like samples to encourage the consumer to purchase. Moreover, Chanel employees engage in direct and digital marketing on their website by offering live chatrooms and phone lines with Chanel representatives as a pull strategy. It is

therefore clear that Chanel uses multiple push and pull strategies within the IMC mix to communicate to and target consumers.

7.0 Placement

7.1 The Product's Channel Strategy

Chanel utilises marketing channels to market the product and intermediaries to retail the product.

Table 11.0 identifies the marketing channels and intermediaries used by Chanel.

7.1.1 The Product's Marketing Channel and Intermediaries

Table 11.0		
Marketing Channel	Definition	Application to Chanel product
Direct Marketing	Direct marketing has no intermediary levels and essentially involves the manufacturer selling directly to the consumer (Armstrong, et al., 2017).	<ul style="list-style-type: none"> The Chanel Le Lift Crème can be purchased from the Chanel stores and boutiques. This allows the company to sell directly to the consumer.
Indirect Marketing	Indirect Marketing is defined as a channel that use physical retailers/intermediaries to sell a product before it reaches the consumer (Nicolau, 2013)	<ul style="list-style-type: none"> Chanel's Le Lift Crème can be purchased in store and online only in Myer and David Jones stores in Australia. This exemplifies that Chanel uses indirect marketing channels as Myer and David Jones are the only Australian intermediaries that sell Chanel products. By doing so, this further establishes the exclusivity of the product as there are few retailers who stock these products.
Types of Intermediaries	Definition	Application to Chanel Products.
Physical Distribution Firms	Physical distribution firms help the company stock and transport goods from their points of origin to the product's destination (Armstrong, et al., 2017)	<ul style="list-style-type: none"> It is likely that Chanel uses physical distribution stores as an intermediary. As Chanel's products are produced in Europe, Chanel would use a physical distribution firm to transport goods to their boutiques in Australia.
Retailers	Retailers are businesses whose sales are results of primary retailing products (Armstrong, et al., 2017).	<ul style="list-style-type: none"> Myer and David Jones are all retailers that sell the Le Lift Crème to final consumer. According to IBIS World, Myer is a retailer that is attempting to deepen their product range (IBIS World , 2018). As Myer is one of the only Australian retailers to

		stock the Le Lift crème, this confirms that they are deepening their product range and buying product from Chanel to stock their department stores.
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As discussed in the above table, Chanel’s le Lift Crème uses direct and indirect marketing to channels to retail their products to final consumers as the products can be purchased directly from Chanel boutiques and indirectly from Myer and David Jones. Chanel uses intermediates such as physical distribution firms to transport their products overseas and sells products to retailers such as David Jones and Myer to broaden their product distribution.

7.2 The Product’s Distribution Intensity and Retail Outlets Utilised

The Chanel Crème has exclusive distribution intensity and only uses retail outlets and department stores to stock their products. Table 12.0 identifies the product’s distribution intensity and retail outlets that it is sold in.

7.2.1 Product Distribution Intensity and Retail Outlets

Table 12.0		
Distribution Intensity	Definition	Application to Chanel Product
Exclusive	Exclusive distribution is a strategy used by companies that only allows a limited number of dealers an exclusive right to distribute the company’s products (Armstrong, et al., 2017).	<ul style="list-style-type: none"> Chanel only offers their products through two retailers in Australia: David Jones and Myer. They also have boutiques around Australia. Chanel only has a total of 18 stores including boutiques in Australia. They have 2 locations in Brisbane, 1 in Gold Coast 8 locations in Sydney, 5 locations in Melbourne and 2 locations in Perth (see Appendix 6). This maintains the product and brand’s exclusivity as there are only speciality stores in some of Australia’s major cities Comparatively, Myers owns 62 stores (see Appendix 7) and distributes evenly across Australia in all states (Chanel, 2018) while David Jones only owns 45 stores (See Appendix 9) nationwide (David Jones, 2018). Therefore, Chanel uses an exclusive distribution strategy as the Le Lift Range and Products can only be found in certain stores that usually reside in major cities nationwide.

Type of Retail Outlets Sold in	Definition	Application to Chanel Product
Department Stores	Department stores are retailers that carry several product lines that are operated as a separate department and managed by specialist merchandisers (Armstrong, et al., 2017).	<ul style="list-style-type: none"> • Chanel uses the intermediary of department stores to retail their products, specifically Le Lift Crème. • David Jones and Myer are the only stores in Australia that are reputable and supply the Le Lift Crème. • These stores have speciality sectors in the stores that are managed by specialist merchandisers to create a personal selling experience. • Therefore, Chanel only uses Myer and David Jones as intermediaries and these retailers are classified as department stores due to the large product lines that they carry.

Evidently, Chanel uses an exclusive distributions strategy and only allows department stores to sell their products alongside the brand’s own stores. By only allowing two other retailers to stock their products this further enhances Chanel’s exclusivity of products as there are only limited places that the crème can be purchased from—selected reputable stores.

8.0 Conclusions

This report has deconstructed Chanel’s marketing strategies for the Le Lift Smoothing and Firming Crème. An extensive breakdown of the product’s market segmentation identifies the target market for this crème to be a mature female who values high-end and natural skin care. The Crème has three product layers and is a non-durable shopping product. The report identifies that this product is still in the introduction stage of the product life cycle. There are various integrated marketing communications used to effectively market this product while using an execution strategy of ‘mood or image’ and the advertising objective of ‘inform’ in the products print advertisement. Furthermore, Chanel uses direct and indirect marketing to sell the product while implementing an exclusive distribution strategy to retain the exclusivity of the brand and its products. Finally, the crème is only sold in department stores and uses intermediaries to supply goods to these stores.

9.0 Recommendations

There are two recommendations to provide effective marketing for the Chanel Le Lift Crème. One suggestion is about the product weight and the other regarding the CSR areas of the company. Table 13.0 examines these recommendations.

9.1 Table 13.0 Recommendations

Table 13.0		
Recommendation	Definition	Application to Chanel Le Lift Smoothing and Firming Crème
Inclusion of the other new Le Lift Crèmes in the product line	A product line is defined as a group of products that are closely related because they function in a similar way. These related products are marketed at the same customer groups and outlets.	<ul style="list-style-type: none"> • It is recommended that Chanel utilises the opportunity of promoting the two other types of crème: light and rich in their print advertisements. • When looking at the current introductory advert (Refer to Appendix 2) for the Le Lift Smoothing and Firming Crème found in <i>Marie Claire</i> (Marie Claire LLC, 2018) there is an opportunity to introduce the option of using different crème consistencies. • This allows for a wider target market to be obtained through this one advertisement as it gives consumers the option to have a preference in how heavy the crème is. This also can intrigue those with sensitive skins to test the Le Lift Crème, as anti-aging products can be heavy on the skin. Having the knowledge that there is a lighter formula can be appealing. • Furthermore, if this information is provided consumers will know more about the entire range initially, and be more likely to research, instead of being dissuaded into thinking that the crème may not suit their preferences. • Moreover, this also differentiates Chanel from their competition as the three different consistencies provide diversity for all skin types. Also, other competition only have one consistency option whereas Chanel's three types all have the same effect on the skin but can create a more sensory appeal due to the weight preference consumers prefer on their skin. • Therefore, it is recommended that Chanel includes information or photographs of the other product line to target a larger audience and inform consumers about the different choices they can make when purchasing the crème.
CSR Responsibility	Corporate Social Responsibility is a company's sustainable marketing responsibility. CSR is an organisations way of engaging with	<ul style="list-style-type: none"> • As Chanel is an international brand, their cosmetics are sold in China. In 2017, Chanel profited \$3,751 million from sales in the Asia-Pacific (Chanel, 2018). As animal testing is mandatory on any foreign products imported and sold in China, this makes Chanel not a cruelty free brand (Laughlin, 2017). As Chanel makes millions in profits from the country, it is recommended that the company counter-acts testing on animals and lobbies the Chinese government by offering alternatives to animal testing.

	<p>social and environmentally responsible marketing activities that will provide sustainability for the future.</p>	<ul style="list-style-type: none"> • According to PETA, millions of rodents, primates, cats and dogs are locked in small cages being used to test reactions to cosmetics (PETA, 2017). Testing these products on these animals is painful, leading to serious injuries to these animals and in some cases death. As Chanel is produced and packaged overseas, this makes their products imported, leading Chinese authorities requiring their products to be tested on animals before they enter the market. • Chanel can make a socially responsible change to this by participating in lobbying actions against the Chinese government, suggesting alternatives to animal testing and potentially packing/creating their products onshore in China. • Initially, lobbying is an act of attempting to influence decisions made by officials in the government (Lush Cosmetics, 2015). This means that Chanel would become socially recognised alongside a lobby group, actively supporting the end to animal testing in China. Additionally, Chanel could potentially become a part of a lobby group such as the Humane Society International and join the ‘Be Cruelty Free’ campaign (Humane Society International, 2018). This campaign was launched in China with Chinese NGOs and academic scientists that worked alongside regulators to use non-animal test methods (Lush Cosmetics, 2015). The Humane Society launched a \$80,000 partnership with the Institute for In Vitro Sciences that would give access to Chinese scientists with hands-on training using advanced non-animal methods (Lush Cosmetics, 2015). If Chanel were to support and sponsor such a lobby, this would satisfy their CSR responsibilities and potentially open the market to more consumers who don’t use Chanel products due to the company testing on animals. This could also provide the company with more respect and publicity from deciding to act against animal testing. Furthermore, the company could become the leader in high-end brands joining the trend to stop animal testing. • Additionally, if Chanel were to suggest other methods of cosmetic testing this would allow them to become a cruelty-free brand. Due to modern and innovative technology called “In Virto” where virtual bodies and cells can be ‘used’ to test the toxicity of products without placing any animals in danger, scientists now have access to accurate 3D cell cultures to test what the cosmetics would do to the skin. This allows lab researchers to study the effects of the cosmetic over a longer period (Mone, 2014).
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		<p>Suggesting this technology allows for Chanel to become a socially responsible brand as they would be providing a solution to animal testing.</p> <ul style="list-style-type: none">• Moreover, if Chanel were to open a manufacturing site in China then they wouldn't have to test on animals. In 2015, Chinese authorities eradicated the requirement for animal testing for most cosmetics manufactured in the country, including many skin care products (Lush Cosmetics, 2015). This would improve Chanel's social responsibility and potentially provide more jobs and profit from consumers who do not buy Chanel due to the animal testing. <p>Therefore, Chanel can increase the company's social responsibility by lobbying the Chinese government, providing alternatives to animal testing and potentially finish the packaging of their products onshore. By doing so, this allows Chanel to become a cruelty free brand. This can provide more profit to the company as it can introduce a whole new market share that didn't exist because consumers weren't buying the brand because of the company testing on animals. Evidently, Chanel could start a positive reaction and allow other high-end brands that test on animals to follow and help extinguish the animal testing industry.</p>
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Appendix 3: Product Packaging



Source: Trade

Me New Zealand 2018

Appendix 4: Bottom of Packaging



Source: Trade
Me New Zealand 2018

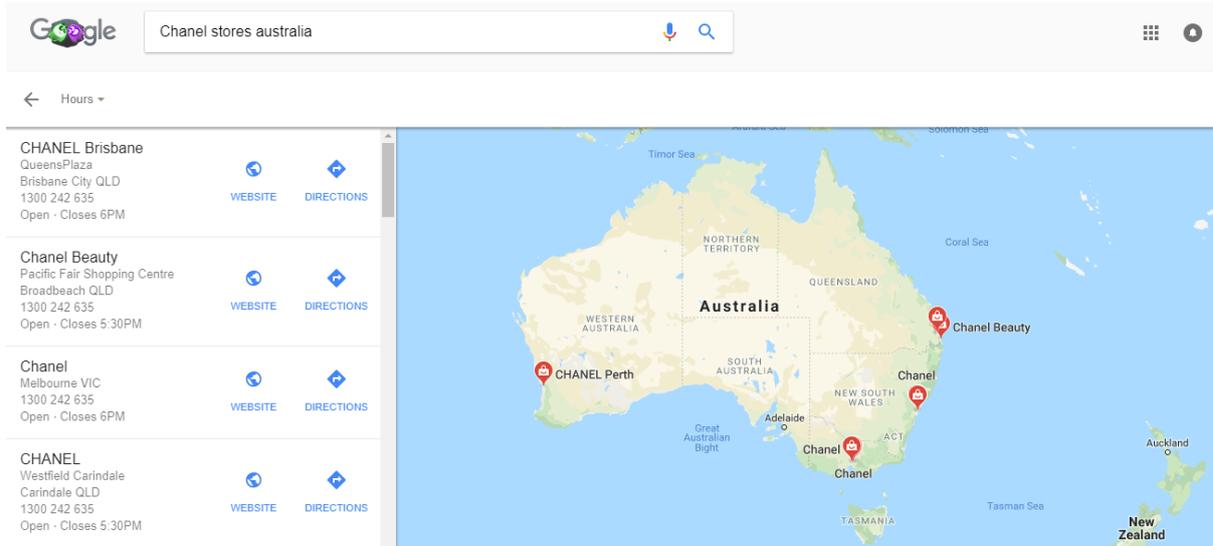
Appendix 5: Marie Claire September 2018 Cover



Source: Marie

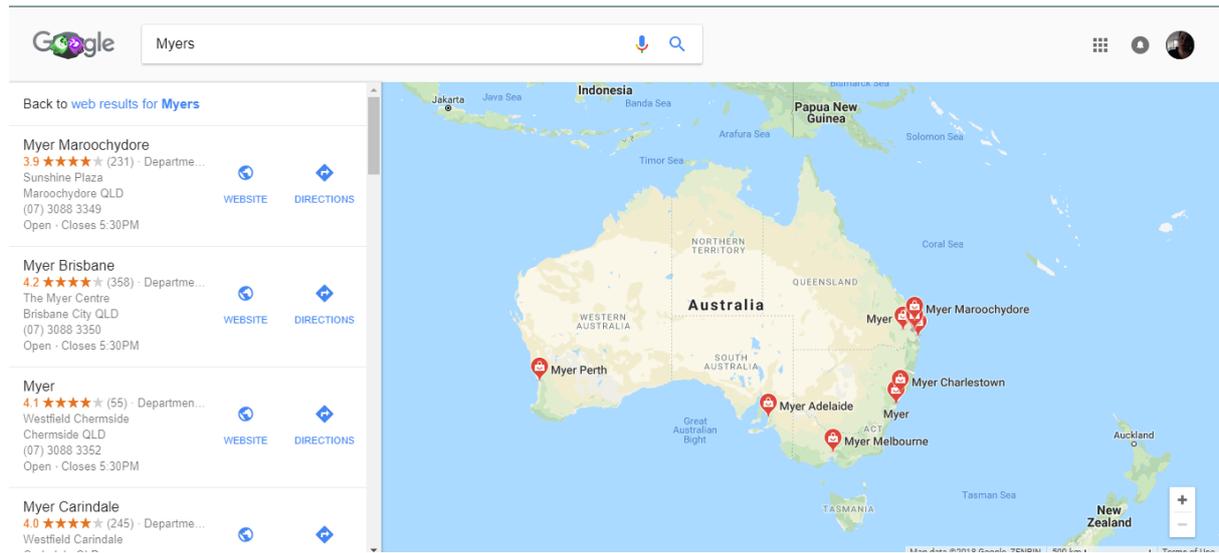
Claire Australia 2018

Appendix 6: Chanel Locations



Source: Google Maps 2018

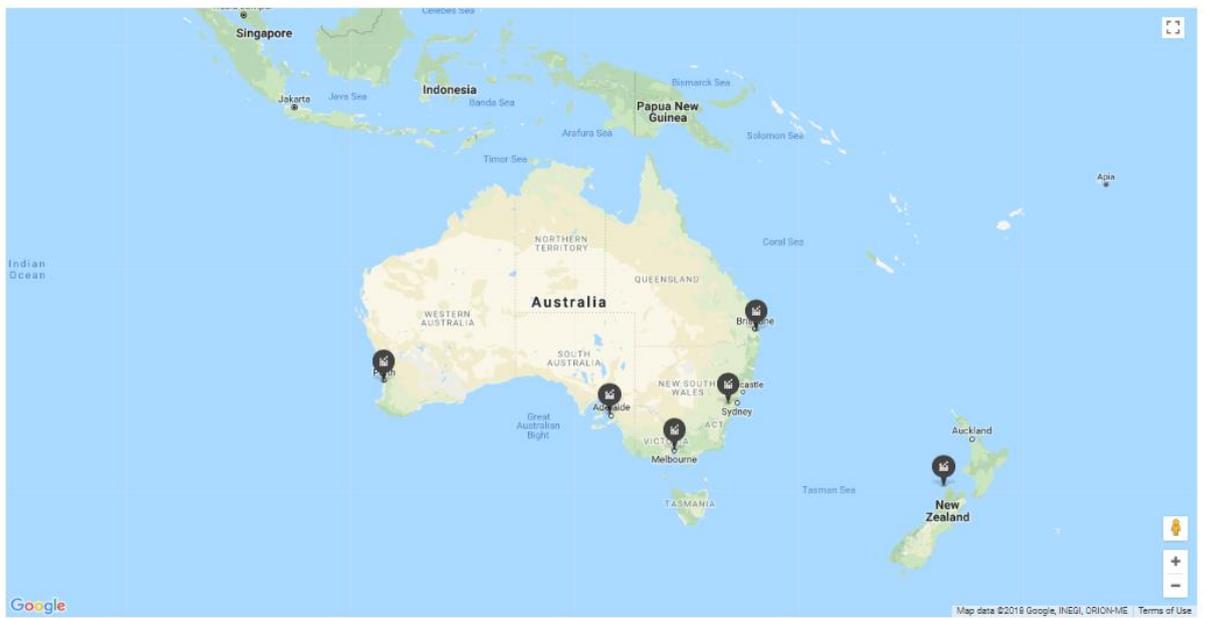
Appendix 7: Myer Store Locations



Source: Google Maps 2018

Appendix 8: David Jones Location

FIND YOUR NEAREST DAVID JONES



Source: David Jones 2018