

Luxury Fashion
New York City College of Technology
Financial Forecasting

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Luxury brands always make a significant contribution to the fashion world and are considered leaders in the luxury industry. The choice between Chanel and Prada comes down to personal style preferences and the aesthetics that resonate with the shopper. Both brands create classic handbags that are very chic and made of timeless materials. Although a designer bag is a little more affordable and more expensive, Prada is known for its minimalist aesthetic bags that stand the test of time, making it an everyday bag with its classic durable black leather handbags. On the other hand, Chanel creates more iconic desirable world fashion bags that are of a little higher class. Its specialty is designing Chanel bags in many different sizes, colors, and leathers giving its consumers the option to adapt to the bag that best suits them.

The Invasion of Chanel

The brand was founded in 1909 by Gabrielle “Coco” Chanel as she opened her first store at 21 Rue Cambon in Paris at the age of 27 years old. The brand initially was a hat store known as Chanel Modes, which gradually developed a clientele of glamorous European actresses who admired the simple and elegant style of its designer. The brand became known for the “little black dress,” a versatile, timeless garment and, eventually, a wardrobe staple. The classic Chanel suits were made from tweed; their comfort made it a practical style for women, giving them a sense of freedom during the restrictive clothing of the early 20th century. During that time Chanel discovered the fabric during frequent trips to Scotland with the Duke of Westminster. It became a traditional masculine fabric; Chanel gave it her style and created a more feminine uniform modern look for women. The iconic quilted handbags, especially the Chanel 2.55 became a huge signature in fashion history. Its quilted leather design and gold chain become

instant bywords for the Chanel style. In 1927, the brand's first skincare line launched offering 15 products aimed at helping women gain the perfect complexion. As Chanel's brand continued to expand, in 1931 Coco Chanel headed to Hollywood and created clothes for its burgeoning cohort of glamorous silver screen stars.

Chanel became one of the first designers to use jersey fabric in high fashion. The luxurious materials were associated with the couture at the time. The brand popularized the use of costume jewelry, including faux pearls, creating a trend that has endured over the decades in fashion. Through the company's tools in design, Chanel's designs played a role in liberating women from the constraints of traditional fashion, promoting comfort and functionality without sacrificing elegance. The brand is also known for incorporating elements of menswear into women's fashion, contributing to the style that has become a significant aspect of modern fashion. Most Chanel bags are made from leather, such as lambskin, calfskin, caviar leather, or goatskin. Although caviar and deerskin leathers are a little more durable, lambskin and goatskin are more likely to scratch and scuff. The worldwide brand value of Chanel experienced a positive trend in the period between 2017 and 2022, as it recorded the biggest growth in 2019 when it jumped from 5.9 billion U.S. dollars to almost 11.5 billion US dollars. Their design targets middle age consumers between the ages of 18-50 years old making an annual income level of \$100,000 or higher. With a psychographic market of self-concept—wherein people see themselves as an affluent individual—Chanel is a fashion commodity that represents status.

Volatility in the House of CHANEL

Throughout Chanel's strategy approach to her audience, she typically reviews her handbags twice a year, in March and September. She usually hiked her prices due to the counter of input-cost inflation and currency volatility although the fluctuation in currency values can significantly impact pricing differently in each region. Chanel tries to minimize the price gap for the same product across regions by harmonizing their pricing globally and offering consistent prices to their customers. In 2020, the global pandemic caused all fashion brands to question their traditional fashion cycle of six mammoth collections a year with non-stop international travel. Chanel restored its collection by becoming the first in the house's history to be presented solely online, with its Capri show made impossible by the pandemic. Below is an estimate of the increase in her Chanel Medium Classic Flap bag throughout this current year 2023.

Chanel Price Increase History in the US

For Chanel Medium Classic Flap

DATE	PRICE (USD)
Nov-23	USD 10,200.00
Sep-23	USD 10,200.00
Mar-23	USD 8,800.00
Nov-21	USD 8,800.00
Oct-21	USD 7,800.00
Jun-21	USD 6,800.00

Jan-21	USD 6,800.00
Dec-20	USD 6,500.00
May-20	USD 5,800.00
Mar-20	USD 5,600.00

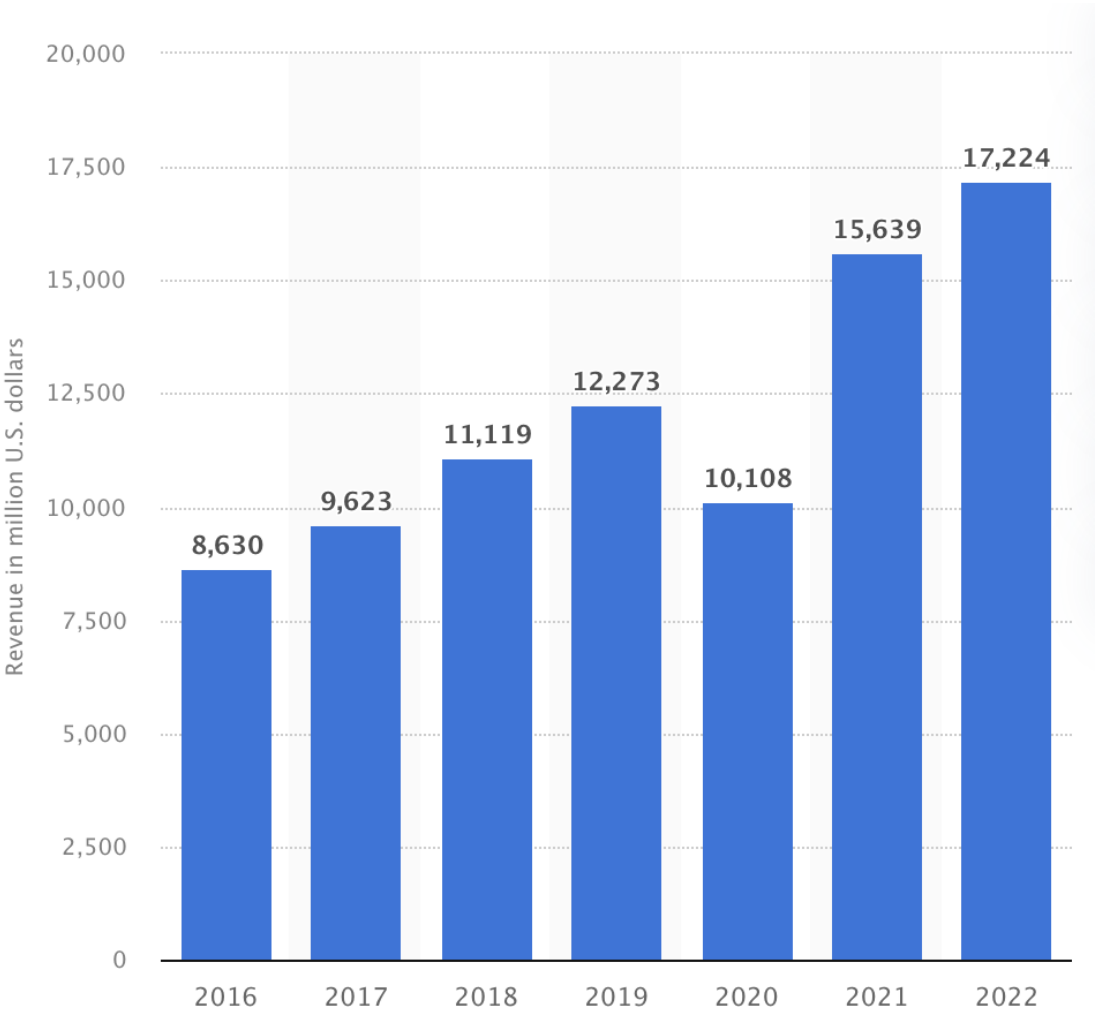
By analyzing the graph, you can observe the increase in demand as one of the main reasons why the bag continues to increase in value. The brand's ability to evolve while maintaining a sense of timelessness has contributed to its enduring success and influence.

Chanel may be known for its exclusivity and many other luxury brands, but it places a limit on how many products one may buy per year. This method prevents overconsumption, as Chanel also makes its products rare and more coveted, boosting its exclusivity. Furthermore, Chanel's pieces are hard to find; a luxury brand that strives to create an exclusive buying and selling experience for its customers is not always easy to shop online. Chanel believes that not offering online shopping—or posting only some items online—makes it more of an authentic, intimate, and luxurious in-store shopping experience. Chanel handbags are highly sought-after, iconic statement pieces, and demand is always higher than supply. The company continues to boost the prices of its most coveted offerings, and consumers have continued to pay. Since the global pandemic, Chanel has boosted bag prices four times.

Chanel Style	Prices (USD)	Prices (Euros)
Mini Square Flap Bag	\$4,700	€4,500
Mini Rectangular Flap Bag	\$4,900	€4,700
Small Classic Flap	\$9,600	€9,300
Medium Classic Flap Bag	\$10,200	€9,700
Jumbo Classic Flap Bag	\$11,000	€10,500
Maxi Classic Flap Bag	\$11,500	—

Chanel Prices 2023

Chanel bags tend to be more expensive, as the price increases, making it more of an even better investment. Their products have a higher resale value. With prices frequently increasing, well-maintained classic Chanel bags can be sold on resale websites for more than their original price. A high resale value means that you can potentially recoup some of the initial investment if you decide to sell it in the future. It is important to note that the resale value of a Chanel handbag depends on the condition, rarity, and age of the bag. Every season, the company sells out extremely quickly and some in-demand models can have a waiting list that is years long.



Dive Brief

- Chanel sales rose 17% to \$17 billion for 2022, making the best year for the privately-owned luxury house
- The brand reported current-single digit growth in the U.S. after several years of double-digit increases

The History of Returns in CHANEL

Chanel is known for its vintage authentic pieces and its passion for feminism. Anything 20 years or more is officially classified as vintage, so bags made from 2000 onwards tend to be tagged as pre-loved instead. Chanel is known for its sustainability, when you consider that you are reducing the carbon footprint and extending a luxury item's lifespan. Tailored services and other initiatives revive and restore any Chanel piece, allowing the elegance to live on and be passed down from generation to generation. Customers can return all or part of their order within 14 calendar days from the date of the shipment. However, Chanel's vintage designer bags make the best investment, especially their pre-2008 models. Vintage bags are better than modern ones because of their superior craftsmanship, as they are made with the finest leather and hardware. Every stitch and detail were carefully hand-crafted by skilled artisans; on the other hand, modern bags are machine-made and there is little to no hand detailing. There are multiple ways to sell Chanel including auction, marketplace, and private sale.

The History of PRADA

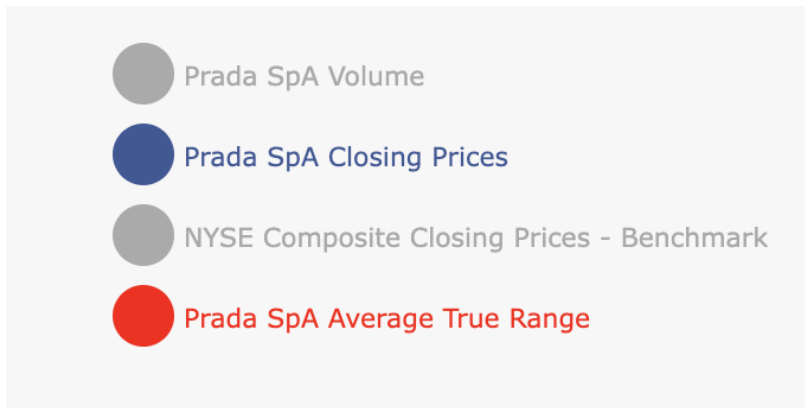
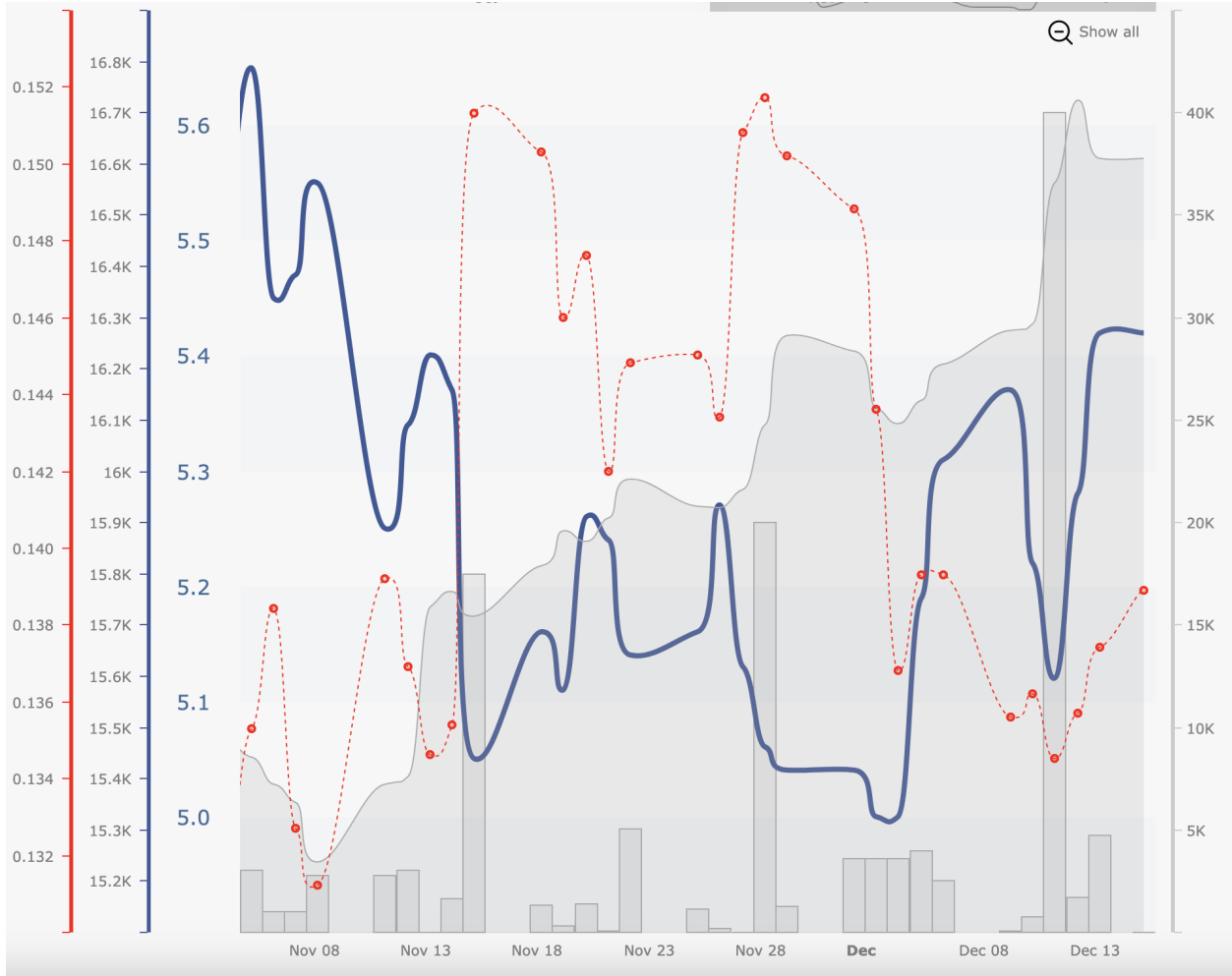
Prada is a well-known luxury brand that has exceeded the charts for many decades. The luxury fashion house was first founded in 1913 by Mario Prada, where it originated as a small leather goods shop in Milan. Mario Prada and his brother Martino sold leather bags, trunks, and accessories. At first, the company focused on manufacturing and selling leather goods, gaining a reputation for high-quality craftsmanship. However, the company truly gained international prominence in the 1970s, when Mario's granddaughter, Miuccia Prada, took over the family business. She brought new life into the brand by introducing a line of black nylon handbags. The

nylon bags, launched in 1984, departed from traditional luxury materials and designs, as they quickly became iconic and synonymous with the brand. Their invasive strategy shifted toward modern style with minimalist aesthetics, setting Prada apart from other luxury fashion houses.

Later on in the 1990s, Prada expanded its product line to include ready-to-wear clothing, footwear, and accessories. This helped the brand gain a reputation for its avant-garde designs, by combining unconventional materials and silhouettes. The brand has a strong global retail presence with flagship stores in key fashion capitals such as Milan, Paris, and New York. Prada's high prices are a reflection of the brand's commitment to craftsmanship, superior materials, exclusivity, innovation, and a prestigious reputation.

Volatility in the Brand

Although Prada continues to succeed, the brand lacks transparency, as it does not publish a list of suppliers or information about forced labor, gender equality, or freedom of association. In recent years, the brand has been underperforming, with its handbags offering missing entry-level price points while going overboard at the high end of the market. The final stage of production is undertaken in Italy, a medium-risk country for labor abuse. In 2023, the brand takes ninth place in the best luxury brands from around the world.



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