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Chanel's draconian store policy is a miss

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Chanel has released a new policy in South Korea whereby customers need the brand's permission to purchase in the store. Would it dare implement this in China? Image credit: Shutterstock

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This month, Chanel enacted a new in-store queue management system in South Korea where it has 24 stores according to the company Web site. The measure follows increased "reselling" of the brand's products such as Chanel 19, Le Boy and the Classic Flap Bag.

Under this new draconian strategy, customers will need to provide contact numbers as well as their reasons for entering the bricks-and-mortar stores. The move is, presumably, aimed at staving off **Daigou sellers** also known as personal shoppers.

According to [Reuters](#), since the plan was executed, the traffic in boutiques has decreased by 30 percent.

The Jing Take: The travel ban and increasing price gap between luxury goods sold in China and neighboring countries such as South Korea have boosted the daigou market. And these countries are pivotal for Chanel.

Market research company [Euromonitor](#) reported that South Korea is the world's seventh-biggest luxury goods market and one of only two of the top seven markets by revenue the other being China to see sales grow last year from 2019 levels.

Yet, the nations have very different rules concerning luxury: it is highly improbable that the conglomerate could enact this tactic in China. For one thing, the French titan has been struggling with its reputation here.

Last year, Chinese media [Lishi Business Review](#) published an [article](#) questioning its influence. And then there are the advertising battles. In 2020, it was **fined** \$31,455 (200,000 RMB) for releasing false adverts and \$33,028 (210,000 RMB) the following year for **failing** to meet government standards. It also sued the second-biggest smartphone maker Huawei a firm at the heart of the rising Guochao trend which **backfired** dramatically.

What further alienates the Chinese consumer is the house's refusal to adopt ecommerce. Currently, it only retails fragrance and beauty on JD.com, Tmall and WeChat Mini Programs and not ready-to-wear or handbags. Native buyers are already well-accustomed to purchasing high-ticket products online, particularly younger generations. So, what is the hold-up?

Moreover, Chanel knows that Chinese consumers have incredibly high requirements for the purchasing experience.

As one netizen, Bourdy, wrote on Xiaohongshu, "If the Chanel store decides whether I can get in or not, maybe I'll buy Herms or LV at the same price? At least they can offer me a pleasant shopping trip."

Rather than screening customers in-store, providing a better online service may be the label's next move.

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