

Gucci market segmentation - an analysis



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Guccio Gucci popularly known as Gucci is an Italian brand and was established in 1921 for the production of leather luggage. Its brand was inspired by the aesthetic of London nobility and class. Gucci was innovated with class sensitivity as a major focal point. Over the years its customers have been aristocrats, song stars, super models and those that want to associate with the noble (Gucci. com, 2010)

Gucci operates in the fashion luxury market, their brands are of high quality, it has a strong reputation; its collections are exclusive and expensive, and it has a history of brand loyalty. Gucci has diverse collections which include bags, shoes, belts, fine jewellery, fragrance, hats and gloves, scarves, sunglasses, wallet and wristwatches (Gucci. com, 2010)

Over the years, Gucci has focus on strengthening the values upon which it was founded and it is on these values of class that its segmentation is based (Gucci. com, 2010).

INTRODUCTION

This article aims to analyse the different segment of Gucci brand, how it is targeted and maintained over time. It also suggest other possible segment which the brand could consider, target and position so as to increase their sales, improve their brand loyalty and move in the direction of the global trend in the fashion luxury market.

MARKET SEGMENTATION, TARGETING AND POSITIONING

The need and purchasing habits in the market varies, thus a product cannot satisfy the needs of all the consumers in the markets as they have diverse

taste and preference. This gave rise to market segmentation (Fletcher . k, 1995).

Keller K. L, (2009) perspective was a more elaborate one, as he views the marketing environment as one changing dramatically with technological advancement, improvement in world interaction and good communication means, increased awareness and customers' high knowledge of diversity of brand in the market. He suggested that as a result of these factors, companies devised a strategy of customizing its brands and sales programmes to suit different needs of consumers thus the emergence of market segmentation.

Segmentation of brand is an aspect of advertising planning. Most marketers use segmentation, targeting and position to achieve success in their business. With segmentation, large heterogeneous markets are divided into smaller units that can be effectively and efficiently reached with products that satisfy their special taste. After segmenting the market, you select the segment to enter. Selecting segment(s) is called targeting (Kotler. P. et al, 2008).

Kotler et al also suggested that in evaluating a firm's segment to choose its target market, three factors are considered:

The size of the segment and its growth.

The structural attractiveness of the segments.

The objective and resources of the company.

It is these strategy that companies use in positioning its brand for competitive advantage.

GUCCI SEGMENTATION

Segmentation involves splitting the market into diverse segment based on some criteria that reflects different purchasing needs (Procter. T, 1992)

Every consumer can have a segment, since it is impossible to cater for individual needs or wants, thus the need to classify buyers who have slight different in product requirement together in a segment.

Segmentation of Gucci brand will be analysed based on Fletcher

. K, (2005) basis for segmentation:

Demographic Segmentation.

Geographical Segmentation.

Psychological Segmentation.

Behavioural Segmentation.

DEMOGRAPHIC SEGMENTATION

Demographically, Gucci brand are segmented using sex and age as a criteria. Gucci produces brands for male and female, children and adults respectively. Their brands are for the category of male and female who love the desire to impress others, have a high social class and strong financial base. Those who love the brand are driven by the kind of lifestyle they live and the need to maintain that lifestyle (Gucci. com, 2010)

Gucci brand does not consider the economy class or the middle class; thus an inefficient utilization of the market population, as the market lies in this category of consumer.

GEOGRAPHICAL SEGMENTATION

Gucci is very conscious of the countries it locate its brands considering the fact that they are exclusive and of great quality.

Gucci operates in very few countries in America and Europe whose consumer behaviour is unique in terms of quality. For example, France populace are willing to pay more for quality. In recent times, Gucci has spread to France, Germany and Belgium (Gucci. com 2010).

Gucci geographical segmentation is poorly structured as it tends to ignore developing countries and emerging markets.

PSYCHOLOGICAL SEGMENTATION

Gucci brand focus is majorly on this segmentation with strict concentration on life style. Over the years, they have targeted the lifestyle of their customers who are mainly songsters, film stars, and aristocrats, whose buying decision are mainly influenced by the group they belong to (Gucci. com, 2010).

Gucci focuses on lifestyle because it satisfies them best and most profitable considering the fact that their brands are expensive and of great quality.

The factors driving the psychological aspect of Gucci's segmentation over the years are increasing disposable income, lower unemployment globally, increasing female employment, growing wealthy class in emerging countries

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and the desire to emulate the lifestyle of others and social influence to purchase luxury goods (Hine T and Quin L, 2005).

DEMERITS OF GUCCI PSYCHOLOGICAL SEGMENTATION

As a result of the recent global recession, people are more cautious of their spending on luxury goods, emphasis on quality has reduced and emphasis on price (reduction) has increased as consumers tries to avoid or reduce impulse buying (Beverland M, 2005)

Also, with increase purchase of counterfeit luxury goods, the brand is losing its value as most people see the counterfeit and real brands as the same; this could lead to reduction of loyal customers' base, and could affect sales and returns on brand negatively (Eugene M. et al, 2010).

BEHAVIOURAL SEGMENTATION

Behavioural segmentation could be viewed from the aspect of brand loyalty, user rate and market responsiveness towards product (Kotler P. et al, 2008). Gucci as a brand has proved over the years to be of great quality and very durable, thus it has a high percentage of consumers' loyalty.

Gucci brand comes with great experience in different dimensions. Most of the loyal customers may have experience its great quality and the respect the brand commands.

Gucci can increase its user rate and the attitude of the market towards its product by moderating its price as its prices are usually on the high side.

GUCCI SEGMENTATION ADVANTAGES

Gucci concentration on lifestyle has helped to improve their loyal customers' base over the years.

It has also helped the company to maximize competitive advantage that serves the target market in the most efficient way (Wilson . W, 2005)

LIMITATION OF GUCCI SEGMENTATION

Gucci segmentation is too narrow, and a narrow segmentation means fewer customers, and less sales leading to less returns (Blythe. J, 2008).

Also great concentration on life styles could constraint them from diversifying to diverse sectors of the economy, and they have a discriminatory approach of segmenting their brands when viewed from the societal perspective.

CROSS NATIONAL AND CROSS CULTURAL SEGMENTATION

With the rapid homogenization of global consumption which is as a result of the emergence of global culture facilitated by the globalization of international market, companies should consider a cross national, cross cultural approach to market segmentation (Agarwal. J. et al, 2010).

Agarwal J. et al opinion reflected the fact that openness to change as a result of the global culture are steadily sweeping the global market as gap between diverse cultures, nations, regions, values, are getting closer. There is now commonality of demands among different nation of the world.

Also, most investors tend to invest in the stock of these emerging markets thus boosting the nation's revenue by taxation of foreign investors' dividends. For example in 1999, 29% of Mexico stocks were owned by US (Domiwitz I. et al, 1999). This also means more capital for company, expansion of company, increased employment and thus increased disposable income, to spend on luxury brands like Gucci.

Gucci as a brand should embrace the cross cultural and cross national segmentation by producing diverse brands that meet diverse class of people in the society, and also open branches in different countries and regions of the world as opposed their massive concentration in Europe and America (Hofstede et al, 1999). They should realise that countries such as India are emerging markets in the international scene. They should explore developing countries of the world as developing countries are now having global identity; having sense of belonging to global values, beliefs, life style and consumption behaviour (Sener. T and Mandaci P. E, 2010)

SUMMARY

This paper work analyse Gucci segmentation with great emphasis on its Psychological (Life style) segmentation and also suggest that the brand should embrace and explore recent segmentation like cross cultural and cross national segmentation, so as to improves its brand quality, increase its sales and returns.

IMPLICATIONS

A number of implications arise from this paper work which includes:

Gucci should consider other market segmentation options.

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They should match the options to maximise their strength.

Globalization plays a very important role in segmenting, targeting and positioning, so the brand should embrace it (Keller K, 2009)

LIMITATION OF THIS STUDY

This study had its own limitations. The limitation includes; time and word constraints, sourcing of the six peer reviewed journals and four other marketing journals used in this study from the library was tedious as most marketing students were also doing their paper work, getting information on the brand from the internet was quite exhaustive and most of the research materials used was of secondary data which are not always reliable.

AVENUE FOR FUTURE RESEARCH

Gucci is well known as a strong brand with loyal customer base, the fact they concentrate more on lifestyle as a result of competitive advantage is quite reasonable.

With the trend of development in the economies of the world, they should consider other avenues like the cross cultural and cross national segmentation discussed in this study, target it and position their brands in the selected segment(s)