The key elements of gucci s marketing strategy marketing essay

" With over 7, 000 direct employees across the world, I believe we should all see ourselves as custodians of the Gucci brand-a brand that was here before all of us and one that will survive all of us. The long lasting values of the brand ultimately inform and guide every decision we make and they also inspire all of us along the way."

-Patrizio di Marco: President and CEO, Gucci

Renowned for its Italian craftsmanship, Gucci was founded in 1921 in Florence. 'Over 90 years Gucci has built a heritage of exclusivity, attention over quality and style, the Made in Italy label, innovation and craftsmanship (PPR, 2010b, pp 46) and is one of the 'world's most desired luxury fashion brands' (Nielsen Company, 2007). The Brand was highly successful in the 1950's as it became the status brand for Hollywood film stars and European royalty. However, by 1980's Gucci lost its appeal and significant losses were made in the business (Jackson and Haird, 2003). Domenico de Sole's financial acumen and Tom Ford's creativity transformed Gucci as a successful brand in the 1990's. In 1999 Pinault-Printemps-Redoute purchased the controlling stake and owned Gucci. With the departure of Tom Ford and De Sole, Frida Gianini took the control in 2005.

Globalisation helps the evolving luxury market to expand. Factors like growing consumer expectations, clear brand positioning, pursuit for authenticity, exclusivity, differentiation contribute to intensify the competition between luxury brands with high 'aspirational values' (Baker and Sterenberg, 2003). Gucci is among the top 10 luxury brands considering brand value in the latest survey by Interbrand. In the array of luxury market

Gucci competes with brands like Louis Vuitton, Chanel, Hermes, Prada, Burberry, Ferragamo, Dior, Dolce & Gabbana, Versace, etc.

http://www. interbrand. com/images/studies/luxury_table. jpg

Interbrand Leading Luxury Brands 2009 Rankings: The top 15 Luxury Brands. (Interbrand, 2009d)

2009 Rank

2008 Rank

2007 Rank

Brand

Country of Origin

Sector

2008 Brand Value ($m)

2009 Brand Value ($m)

Change in Brand Value in 2008

Change in Brand Valuein 2009

16

16

17

France

Luxury

21, 602

21, 120

6%

-2%

41

45

46

Italy

Luxury

8, 254

8, 182

7%

-1%

59

60

58

France

Luxury

6, 355

6, 040

9%

-5%

70

76

73

France

Luxury

4, 575

4, 598

8%

1%

87

91

94

Italy

Luxury

3, 585

3, 530

9%

-2%

98

New

United Kingdom

Luxury

3, 095

New*

99

New

United States

Luxury

3, 094

New*

Interbrand Best Global Brands rankings. (Interbrand, 2009d).

In order to sustain in the competitive luxury market and define a clear brand positioning and maintain it, brands adopt innovative marketing strategies. The Marketing mix tools like the traditional 4 P's: product, price, promotion and place along with recently added people, process and physical evidence propel the decisions in direction of the market success. Brands need to provide right product, at right price, in right place and at right promotion in order to match the consumer needs and demands. Louis Vuitton, Gucci, Hermes, Chanel, Prada are in close competition.

In order to create an emotional attachment between brands and consumers, brands try to convey an image and personality that customer aspires to. Louis Vuitton has been a 'byword for stylish elegance and sophistication' (Louis vuitton, 2009). Gucci is perceived as smart, sexy, modern whereas Prada has an image of modern, trendy yet sophisticated. Chanel is very classic and elegant. Also, Chanel and Louis Vuitton were founded in France and Gucci and Prada in Italy. According to the Interbrand survey for Italy's most valuable brands Gucci Ranked first (6, 388 million euro) followed by Prada (2, 775 million euro). Gucci's pricing strategy in 1993 positioned itself below Hermes and Chanel and at par with Prada and Louis Vuitton (Kwak, 2001).

Gucci and Prada's product lines include leather goods, ready-to-wear, jewellery, footwear, silks, timepieces, eyewear, skincare, home decor and fragrances. Louis Vuitton has the categories which Gucci has, although Louis Vuitton indulges even in writing instruments and textiles besides Chanel extends into sport accessories . Gucci products are sold in 283 directly operated stores at end of 2009 and in selected 'departmental stores as well as specialist stores' (PPR, 2010b). Intending to accelerate the growth of brand, Prada stated to double the number of directly operating stores in 2007. Considering Gucci's 2009 revenue breakdown by geographical area, maximum revenue was from Asia- Pacific region while Europe which includes fashion forward London, Paris and Milan contribute almost equal to Japan.

Breakdown of 2009 revenue by product category Breakdown of 2009 revenue by geographical area

C: UsersAdminDesktopgucci 1PPR - Gucci_filesGucciCAcat-EN. jpg C: UsersAdminDesktopgucci 1PPR - Gucci_filesGucciCAzone-EN. jpg

(PPR- Gucci: Gucci Group , 2010a)

Gucci

Chanel

Prada

Louis Vuitton
Year of establishment

1921

1909

1913

1854

Country of origin

Italy

France

Italy

France

Known for

Leather goods

Fashion and perfumes

Leather goods

Leather goods and Luggage bags

Current Designer

Frida Giannini

Karl Lagerfeld

Miuccia Prada

Marc Jacob

Product categories

Ready-to-wear, canvas and leather goods, bags, footwear, fine jewellery, fragrances, eyewear, watches, travel and business bags, home décor , etc.

Ready-to-wear, fragrances, make-up skincare, eyewear, hats, leather goods, sports accessories, fine jewellery, etc.

Ready-to-wear, Nylon bags, leather goods, footwear, Fine jewellery, eyewear, fragrances, travel and luggage bags, Prada phones, etc

Ready-to-wear, leather goods, travel bags, footwear, bags, eyewear, watches, writing instruments, home goods, textiles, city guides , etc.

Ad campaign theme

Forever now , Spring Summer 2010

Spring Summer 2010=

First Spring and lookbook

Spring Summer 2010

Store locations

Africa, Asia, Australia, Europe, Middle East, North America, South America. Has 283 Directly operated stores.

Asia, Europe, Middle East, North America, South America, Oceania.

Asia, Middle East, Far east, Europe, North America, South America.

Africa, Asia, Australia, Europe, Middle East, North America, South America.

Comparison of brands on basic criteria.

Louis Vuitton and Chanel's brand image differentiates them from Italian brands like Gucci and Prada which target towards a similar target market which is modern and fashion conscious. Gucci and Prada indulge into similar product lines and pricing levels getting them into closer competition. In 1990's during revamping the brand image of Gucci an important decision made was to develop a strategy expressing Gucci has changed. 'Brand communication plays a vital role in redrawing the image' (Jackson and Shaw, 2006).

During the recession competitor brands are trying to be more distinctive. Chairman and CEO Gucci, Patrizio di Marco and his team adopted the strategy to strengthen and fine tune it's positioning in the luxury goods market by focusing on its heritage and craftsmanship stressing on balanced brand equity in marketing and communication (PPR, 2010b). It also included cost cutting, adjustments to pricing, global store designs concept and structure simplification. As per Interbrand's report 2009b, among global luxury brands, Prada spends highest in marketing and advertising and continued to invest more in social and cultural initiatives, brand extensions and communication.

Important factors that help in building brand image. (Moore and Britwistle, 2005)

http://www. luxuo. com/wp-content/uploads/2010/01/lara-stone-louis-vuitton-ss2010. jpg http://www. themagentalinks. com/wp-content/uploads/2010/02/prada-lookbook4. jpg

Image no. 1 : Louis vuitton spring summer 2010 Image no. 2: Prada Lookbook 2010.

(The Fashion time Magazine, 2010) (AMO, 2010)

http://frillr. com/files/images/Chanel%20Spring-Summer %202010%20Womens%20Ad%20Campaign. preview. jpghttp://images. gucci. com/images/campaigns/spring-summer-10/full/ss10_campaign_4. jpg

Image no. 3 : Chanel Spring Summer 2010 Image no. 4 : Gucci Spring Summer 2010 ad

Ad campaign. campaign.

(Bang Jaslyn, 2010) (Gucci, 2010a)

Advertising which is guided by current market scenario and competitive environment, helps in communicating and building brand image as it creates powerful image and message to gain customer's attention (Jackson and Shaw, 2009, pp. 161). Luxury brands communicate their values and aura to the consumers to prove experience through images that operate on aesthetic and expressionist level (Salzer-Mörling and Strannegard, 2004). Visually stimulating Gucci's Spring summer 2010 campaign focuses on sensuality with modernity and Prada's Lookbook 2010 displays uniqueness and creativity.

Gucci's Ad campaign 'Forever now' launched in 2010 depicts the importance of connecting past and present. The campaign uses images from 1950's focuses on heritage and craftsmanship. Gucci focusing on tradition introduced an Artisan Corner an event where house's skilled artists will travel to Gucci's VIP stores where the craftsmanship will be brought to customer's sight. Similarly, Prada's film ad campaign 2010 titled 'First Spring' shot by Chinese artist in Shanghai depicts the tension between the straight and gay tensions of silent intimacy (James, 2010). However, the black and white effect of the video takes us into flashback and it depicts that anything is possible in timeless and dreamlike realm. Louis Vuitton's ad campaign is inspired from new age traveller, while Chanel's countryside rural chic look ad campaign displays beauty and elegance.

http://images. gucci. com/images/campaigns/forever-now/full/forever_now_camp_1. jpg

Image no. 5 : Gucci's 'Forever now' ad campaign 2010(Gucci , 2010b)

Prada menswear First Spring by Yang Fudongâ€Ž - Spring/Summer 2010http://blog. la76. com/wp-content/uploads/2010/01/prada-2. jpghttp://blog. la76. com/wp-content/uploads/2010/01/prada-5. jpghttp://blog. la76. com/wp-content/uploads/2010/01/prada-8. jpg

Image no. 6: Prada's 2010 ad campaign 'First Spring'.

(Fashioning. com, 2010)

Prada attempts to spread a social message to reduce tensions between straight and gay people. Also, Prada signed PETA's campaign in 2007 to ban cruelty against animals and eliminate fur usage from fashion. Gucci and UNICEF partnership began in 2005, since then Gucci consistently support education and healthcare programmes for orphans and HIV/AIDS affected children. Gucci embraces philanthropy taking new initiatives and ad campaigns to support the partnership like specially designed accessories collection, White Tattoo Heart collection (2008) featuring Rihanna in its campaign, Book ' Snowman in Africa', fundraising event with Madonna, 'Gucci for UNICEF' Baboushka bag etc. Professor John Fernie said 'Alliance between charity n business is the perfect way to build brand awareness and establish brand credibility and ultimately boost profits,' (McDougall, 2006). As metioned on philanthrpohy section of Gucci's official website, Gucci in collaboration with the Film Foundation has made travelling screening movie of the restored movies to save the treasures in cinemas called 'Cinema Visionaries'.

Proceeding in 2010, to increase online presence and reach online customers, brands are delving into digital communication. Brand affiliation is aided by the application of appropriate functionality tools (Okonkwo, 2007). Focusing on innovation Gucci launched lifestyle application for iPhone and iPod touch. Gucci's application offers access to products, fashion shows, playlists, city guides, news, ability to compose own music etc. Prada launched Prada phones in collaboration with LG in 2007. The LG designed Prada phone incorporates features like video player, high pixel camera and MP3 player.

Chanel also has application on iPhone which shows Chanel's runway collections.

http://images. gucci. com/images/stills/gucci_app_3. jpghttp://www. gsmflorida. com/cart/images/lg-ke850. jpg

Image No. 7: Gucci application for iPhone. Image No. 8: LG designed Prada Phone.

(Gucci news, 2010) (Mossesgeld, 2007)

Luxury atmosphere, aesthetics and appealing luxury stores reflect the brand personality and spread the brand message into the subconscious and psychological levels on a consumer mind (Okonkwo, 2007). Following the strategic concept of global store design by Creative Director Frida Giannini , Gucci is renovating its stores to embrace the luxurious experience of shopping which complements the brand's heritage and exclusivity. In October, 2009 Gucci launched a travelling sneaker store in New York which will later move to London and Tokyo in spring 2010. Similarly proving its exclusiveness, Prada took a radical approach towards the store architecture through Prada Epicenter which communicates a distinct identity into customer's mind which is in quest for something new.

http://images. gucci. com/images/stills/sloane_st_5. jpg

Image no. 9: Gucci Sloane street, London Store renovated under the Global store design concept.

(WallPaper, 2010)

http://images. businessweek.

com/ss/05/11/new_retail/image/prada_tokyo_p27. jpg

Image no. 10: Prada Epicenter

(Herzog & de Muron, 2003). [Accessed on 14 November 2009]

With Economic downturn, it is highly important for brands to provide distinctive experience to consumers. Brands are striving to create a brand image congruent to the customer's image (Aaker and Biehl, 1993) and meet customer needs and demands. Gucci has adopted the strategy to be true to its long lasting values and expand its presence, tune its brand image and positioning by emphasising on the rich 90 years history, heritage and core essence of the brand into its marketing and brand communication coinciding with 'modernity and aspirational values' (Gucci, 2010a). Brands like Prada are using tactful strategies focusing on parameters like timeless, authenticity, social values and culture. Louis Vuitton differentiates its customers through its brand image, brand values in terms of turnover and advertising. Chanel though is close to Gucci considering turnover it targets a more elegant, sophisticated target. Hence, Prada is the closest competitor to Gucci by comparing them on brand communication like advertising, philanthropy and an attempt to standout in the terms of store designs.

REFERANCES :

Aaker, D. (1991), Managing Brand Equity, The Free Press, New York, NY.

Aaker, D. and Biehl A. (1993), Brand Equity and Advertising, Lawrence Erlbaum, Hillsdale,

NJ.

Baker, M., Foy, A,(2003) Business and Management Research. United Kingdom : Westburn Publishers Ltd.

Baker, M., Sterenberg, G. (2003) Managing global brands to meet consumer expectations. ESOMAR , Global Cross-Industry Forum, Research International Qualitatif, December 2003.

Barnes James G. (2003) Establishing meaningful customer relationships: why some companies and brands mean more to their customers. Managing Service quality, Vol. 13(3) pp. 178-186.

Campbell, C. , Falk, P. (1997) : The Shopping Experience . London: Sage Publications, pp : 67-73, 166-72.

Chadha, R. , Husband, P. (2006) The cult of the Luxury Brand- Inside Asia's Love Affair with Luxury. London Nicolas Brealey International , pp. 25-63, 149, 178, 267-77, 280.

Crask, M. R., Laskey, H. A. (1990), " A positioning-based decision model for selecting advertising messages", Journal of Advertising Research , Vol. 30 No. 4, pp. 32-8.

Davidson, B., Webb, Bill (2006) : Fashion Retailing, Chapter 6. In Jackson, T., Shaw, D. The Fashion Handbook. London: Routledge , pp: 105-126

Diamond, J., Lift, S. (2003) : Retailing in the new millennium. New York: Fairchild Publications.

Easey, M. (1995) Fashion Marketing, India, Blackwell Publishing , pp. 174-177.

Gucci (2010a) Gucci news [Internet]. Available from < http://www. keynote. co. uk/market-intelligence/view/product/10322/clothing-retailing> [Accessed on 6th March 2010]

Gucci (2010b) Gucci philanthrophy [Internet]. Available from < http://www. keynote. co. uk/market-intelligence/view/product/10322/clothing-retailing> [Accessed on 11th March 2010]

Hines, T., Bruce, M. (2008) Fashion Marketing-Contemporary Issues. Hungary, Elsevier, pp. 132-133, 198-99, 234-36.

Husic, M., Cicic, M. (2009) Luxury consumption factors. Journal of Fashion Marketing and Management, Vol. 13 (2) pp231-245.

Interbrand (2009a) Patrizio di Marco , President and Chief Executie Officer Gucci : More interviews with Global Brand Leaders [Internet]. Available From < file:///E:/random%20search/gucci-%20strategy-interbrand. htm> [Accessed on 8 March 2010].

Interbrand (2009b) Interbrand unveils Italy's most valuable global brands [Internet]. Available from < http://www. interbrand. com/press_release. aspx? langid= 1000&pressid= 251> [Accessed on 11th March 2010]

Interbrand (2009c) Italy's 10 most valuable global brands [Internet]. Available from < http://www. interbrand. com/press_release. aspx? langid= 1000&pressid= 251> [Accessed on 11th March 2010]

Interbrand (2009d) Best Global Brands 2009 rankings, Interbrand-Creating and Managing Brand Value, [Internet]. Available from http://www. interbrand. com/best_global_brands. aspx? year= 2009⟨id= 1000 [Accessed on 18th February 2010].

Jackson, T. and Haird, C. (2003), " Gucci Group: the new family of luxury brands", International Journal of New Product Development and Innovation Management, Vol. 4 No. 2, pp. 161-72.

Jackson, T., Shaw, D. (2006) The Fashion Handbook. London: Routledge, pp. 61-3. 72-81, 105-08, 127.

Jackson , T., Shaw , D. (2009) : Mastering Fashion Marketing. Palgrave Macmillan, pp: 112-117, 161.

James (2010) Prada's " First Spring" by Yang Fudong [Internet]. Available from < file:///E:/random%20search/gay%20persons%20of%20color %20%20Prada's%20%20First%20Spring%20%20by%20Yang%20Fudong. htm> [Accesssed on 12th March 2010].

Keynote (2009) Clothing Retailing 2009 [Internet]. Available from < http://www. keynote. co. uk/market-intelligence/view/product/10322/clothing-retailing> [Accessed on 12th March 2010]

Kapferer, J.-N. (1992), Strategic Brand Management, The Free Press, New York, NY.

Kwak, Mary (2001) Gucci Group N. V. (A). Boston, MA, Harvard Business School, 10th May 2001.

Louis Vuitton (2009) The World of Louis Vuitton- The art of travel [Internet]. Available from < http://www. louisvuitton. com/web/flash/index. jsp; jsessionid= D5QW2GEBCOOYMCRBXUCFAFIKEG4RAUPU? direct1= univ⟨ue= en_GB&buy= 0> [Accessed on 11th March 2010]

McDougall, d. (2006) World: Now charity staff hit at cult of celebrity: Workers for children's charity Unicef say celebrity campaigns and fashion company deals are hurting its image, reports Dan McDougall in Islamabad. The Oserver (London, England) , 26th November 2006, pp. 38 .
Moore, C. and Birtwistle, G. (2004), ''The Burberry business model: creating an international luxury brand'', International Journal of Retail & Distribution Management, Vol. 32 No. 8, pp. 412-22, ISSN 0959-0552.

Moore, C., Fernie, J. (2004), " Retailing within an international context", in Bruce, M., Moore, C., Birtwistle, G. (Eds), International Retail Marketing; A Case Study Approach, Elsevier Butterworth-Heinemann, Oxford, pp. 3-37.

Moore, C., Britwistle, G. (2005) The nature of parenting advantage in luxury fashion retailing- the case of Gucci group NV. International Journal of Retail & Distribution Management, Vol. 33(4) , pp 256-270.

Moore, C. M. and Doherty, A. M. (2007), " The international flagship stores of luxury fashion

retailers", in Hines, T. and Bruce, M. (Eds), Fashion Marketing: Contemporary Issues,

Butterworth Heinemann, London.

Nielson Company (2007) Gucci reigns as the most coveted luxury brand in the world, Market Research World [Internet]. Available from < http://www. marketresearchworld. net/index. php? option= com_content&task= view&id= 2053&Itemid= 77> [accessed on 16 February 2010]

Nunes, P., Johnson, B. (2004) Mass Affluence- 7 New rules of marketing to today's consumer. Boston (Massachusetts), Harvard Business School Press.

Palmer, A. (2009) Introduction to fashion marketing, 2nd Edition- Theory and Practice. Oxford, Oxford University Press, pp. 420-23.

Okonkwo, U. (2007) Luxury Fashion Branding. Hampshire: Palgrave Macmillan, pp. 15-25, 30-37, 132-67, 173-78, 220-23, 260, 278-83, 310.

PPR (2010a) Gucci: Gucci Group [Internet]. Available from <

file:///C:/Users/Admin/Desktop/gucci%201/PPR%20-%20Gucci. htm>

[Accessed on 10 March 2010]

PPR (2010b) PPR 2009 Financial Document [Internet]. Available from <

http://www. ppr. com/front__sectionId-43_Changelang-en. html> [Accessed

on 8th March 2010]

Preiholt, H., Hagg, C. (2006) Growth opportunities in Luxury goods and real estate. Journal of Fashion Marketing and Management, Vol. 10 (1), pp114-119.

Salzer- Mörling, M., Strannegard, L. (2004) Silence of the brands. European Journal of Marketing, Vol. 38 (1/2) pp. 224-238.

Schmitt, B. (1999) Experiential Marketing- How to get customers to Sense, Feel, think, act, relate. New York, The Free Press, pp. 72-6.

Triplett, T. (1994), " Brand personality must be managed or it will assume a life of its own",

Marketing News, Vol. 28 No. 10, p. 9.

Unknown (2009) From Prada to Zara: is the global recession out of fashion. Strategic Direction, Vol. 25(3), pp 9-11.

IMAGE REFERANCES :

Image no. 1 :

The Fashion Time magazine (2010)Louis vuitton spring summer 2010- Louis Vuitton Spring/Summer 2010 ad campaigb : Lara Stone by Steven [Online Image]. Available from < http://www. thefashiontime. com/2009/12/louis-vuitton-springsummer-2010-ad-campaign-lara-stone-by-steven-meisel/> [Accessed on 12th March 2010]

Image no. 2:

AMO (2010) Prada Lookbook 2010- PRADA- The Spring/ Summer 2010 Lookbook [Online Image]. Available from [Accessed on 10th March 2010]

Image no. 3 :

Jaslyn Bang (2010) Chanel Spring Summer 2010-Chanel Spring/Summer 2010 Ad campaign [Online Image]. 4th Jan 2010. Available from < http://www. plussixfive. com/2010/01/04/chanel-springsummer-2010-ad-campaign/> [Accessed on 16th March 2010]

Image no. 4 :

Gucci (2010a) Gucci Spring Summer 2010 ad campaign- Ad campaign Spring Summer 10 [Online Image]. Available from < http://www. gucci. com/int/campaign/spring-summer/> [Accessed on 8th march 2010].

Image no. 5 :

Gucci (2010b) Gucci's 'Forever now' ad campaign 2010- ad campaign Forever now [Online Image]. Available from < http://www. gucci. com/int/campaign/forever-now/> [Accessedmon 10th March 2010].

Image no. 6:

Fashioning. com (2010) Prada's 2010 ad campaign 'First Spring'- Prada menswear first spring by Yang Fudong Spring/Summer 2010 [Online Image]. Available from < http://www. fashionising. com/pictures/p--Prada-menswear-First-Spring-by-Yang-Fudong-8206-SpringSummer-2010-4886-73781. html> [Accessed on 12th March 2010]

Image No. 7:

Gucci news (2010) Gucci application for iPhone- Guccinews, gucci app [Online Image]. Available from < http://www. gucci. com/us/us-english/gucci-news/iphoneapp/> [Accessed on 12th March 2010]

Image No. 8:

Mossesgeld (2007) LG designed Prada Phone- The LG Prada phone set tp launch on March 22 [Online Image]. Available from < http://www. thesmartpda. com/50226711/the_lg_prada_phone_set_to_launch_on_march_22. php> [Accessed on 12th March 2010].

Image no. 9:

WallPaper (2010) Gucci Sloane street, London Store renovated under the Global store design concept -Retail Directory 2009[Online Image]. Available from < http://www. wallpaper. com/directory/retail/2009/gucci/1089> [Accessed on 13th March 2010]

Image no. 10:

Herzog & De Muron(2003), Prada Epicentre [online image]. Available from < http://images. businessweek. com/ss/05/11/new_retail/source/5. htm>[Accessed on 12th March 2010]