

Gucci Marketing Analysis Based on SWOT Model

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Abstract. The research on luxury came from accidental discovery by a sociologist. When European capitalism was formed, the industrial level was much enhanced in comparison to the past, and the cause was the promotion of aristocratic demand for luxury products. It was amid the establishment of European capitalism at the time. In comparison to the past, the industrial level has substantially improved. The two were gradually discussed. Someone defined luxury goods for the first time in 1899, validating the social and economic worth of luxury products, which is conducive to the import and export trade of loose-leaf volumes and shows a city's success. Later, academics put forward a lot of creative thinking on management and marketing on how to create different luxury goods in different markets and how to grow the impact of brands, which gave rise to numerous luxury goods investigations. However, the academic circle is currently mostly focused on the idea, consumer market, marketing mode, and other luxury things, with few practical operation modes and marketing tactics used in companies. A great demonstration of marketing research that is successful is the famously luxury brand Gucci.

Keywords: Market Analysis; Marketing Models; Digital Marketing; Visual Merchandising.

1. Introduction

People have started using more and more luxury items, and there are more and more customers who have the means to buy them thanks to the ongoing growth of politics, the economy, society, and the Internet. The Chinese market has become a place for many luxury brands to compete. Because numerous data show that the profit margin in the Chinese market is increasing, and therefore Chinese consumption is widely recognized as a crucial component of the global economy. Apparently, news reports at the end of 2019, the outbreak began. The global luxury goods industry started to rebound in 2021, expanding quickly by 21 percent year over year and returning to US\$318.7 billion. However, the market's overall size still did not reach the level of 2019, and the effects of the pandemic are still being felt. The market for luxury goods in China has continued to develop rapidly, with a year-over-year rise of 37 percent, and continuing to be a major player with total market size of US\$94.4 billion.

Many believe that luxury branding will never return to what it once was: a covert and small economic sector targeted at the wealthy. However, luxury branding has altered substantially in recent years. The fast development of emerging nations, driven by China, has changed the nature and behavior of the luxury market. Most luxury companies also confront difficulties as a result of technical development and the growing move towards digitization.

For example, Marketing Is Not a Luxury-Marketing Is a Necessity written by Price Sean [1] applies the supply chain management method in the Luxury industry to the fashion industry through empirical study. It proves that the key to supply chain management lies in luxury products, brands, and retail channels. Luxury is not a concept or a way of life, nor is it a good or service. It is a way of life, a philosophy, and an identity. In the field of business and management, these traits denote the existence of difficulties in integrating luxury branding into the Internet and digital world and the need for complex ways to solve them written by Okonkwo, Uché [2]. The research on the management of the luxury industry includes Social Media Marketing Efforts of Luxury by Bruno Godey, Aikaterini Manthiou, and Daniele Pederzoli Brands [3]. Influence on Brand Equity and Consumer Behavior discussed the positive significance of luxury supply chain management in Italy's luxury industry.

As a leader in the industry, GUCCI must seize the opportunity and must choose an effective marketing strategy to attract more mid-to-high-end consumers, which will become a problem that GUCCI will urgently solve in the Chinese market in the future [4-6]. As a result, I tried to investigate

and analyze GUCCI's Chinese marketing strategy using the SWOT approach as a supporting tool and the marketing model of GUCCI. Thus, can understand how Gucci has turned the situation around in a few years to improve its competitiveness of Gucci in the Chinese market and attract more customer groups.

2. Firm description

2.1 Essential information

GUCCI is one of the world's top luxury brands, founded in Florence in 1921, exquisite Italian handmade products today are world-famous. The parent company of GUCCI is Kering Group. Kering made its first investment in the luxury business in 1999 when it acquired a 42% stake in Gucci Group. As the largest fashion company in Italy, Kering Group is also very influential in the fashion industry, advocating exquisite life, tasteful life, sports, and lifestyle. Sub-brand GUCCI is the one of most valued brands in the world, which is a symbol of status and wealth and is favored by the upper class [7-9].

2.2 Share price analysis

Gucci's products include fashion, leather goods, shoes, watches, ties, scarves, perfumes, and household and pet products. According to the annual financial report of Kering Group in 2019, compared with the 35% growth in the same period in 2018, the sales volume of GUCCI was only 2.374 billion euros, the growth rate was less than half, and the performance growth rate slowed down every quarter. European luxury goods companies saw their biggest monthly decline in 2018. LVMH fell 3.7 percent, Burberry fell 4.3 percent, and Kering, the French group that owns Gucci, fell 5.8 percent to 435.7 euros from its July peak of 522.4 euros. Kering group released its results for the first half of the fiscal year 2018 on July 26, showing a total sale of 6.432 billion euros in the first half of the year, up 33.9% compared to the index, and a net profit of 185.7%. However, financial experts noted that Kering's stock began to fall back after the results were announced, with traders saying that this was because sales growth at brands such as Gucci was slightly lower than expected, even though it had outperformed its peers. Gucci's profit margin hit an all-time high of 38.2% at the end of June 2018, but with most traders having high expectations, some investors began selling Kering shares to cash in after the results were announced [10].

An internal Gucci video shows the head of the brand telling staff that sales are about to slow after an "explosion" in revenues. Gucci, Kering's main revenue contributor, has outperformed most of its peers following a high-profile 2016 makeover by the celebrated designer Alessandro Michele. Marco Bizzarri, CEO of Gucci said in a letter to employees that they should not be deterred by any signs of a slowdown. We believe that to be typical given the rapid increase. Before the press conference, Marco promised that Gucci is more powerful than ever, according to the magazine. Based on its growing share price, Gucci does indeed maintain a competitive edge over "any other brand on the market.". To summarize what Marco said in the video, the brand has to understand that its growth will eventually slow down. Maintaining a constant growth rate of 50% to 60% each month is not feasible since it is not attainable. Kering executives had previously indicated to market watchers that the group's sales growth would "gradually normalize" in 2018. Gucci's results have been driven by strong demand from Chinese consumers in recent years, with comparable sales up 40.1 percent in the second quarter compared with the same period last year, the report said. Kering's shares have risen more than 20% so far this year, largely driven by Gucci's strong results. Gucci accounts for more than 70% of Kering's profits, although Saint Laurent and Balenciaga brands are also highly profitable.

3. Marketing strategy analysis

The "immersive experience" is the cornerstone of Gucci's contemporary brand culture, giving digital advertising a feeling of excellence and fostering deeper interactions with young Chinese customers. However, the social context and Internet technologies are posing challenges to this conventional luxury marketing approach, particularly in China. It is challenging for luxury brands to remain secure in China given the penetration of platforms like WeChat, Tiktok, Weibo, Xiaohongshu, and Taobao into the country's marketing channels.



Figure 1. Gucci's story

Luxury firms have been cautious with their use of internet marketing for a while. Luxury businesses already have a number of effective conventional marketing techniques in place to evoke a distinct feeling of quality, including store design, the shopping experience, show events, art exhibits, pop-up stores, etc. Luxury brands and digital marketing have a long-standing link, in our experience. Luxury products' "feeling of quality" is typically challenging to convey through internet marketing. The primary cause is the gap between experience and channel—online consumption and appreciation cannot mimic traditional channels. Innovation is crucial to grabbing the fragmented attention of the younger generation.



Figure 2. Production of GUCCI

In January and April of 2020, GUCCI launched on the Xiaohongshu and Tiktok platforms. delve deeply into numerous digital content touchpoints and establish a more direct connection between GUCCI culture and the younger Chinese population. On August 5, 2021, GUCCI became the first luxury brand to enter the Luxury brand Super Day on Tmall, the first cross-category luxury brand super Day in the luxury industry. But now the frequent cooperation between Gucci and other brands makes consumers gradually tired. A single striking visual without scarcity and utility. For example, the joint name with Doraemon. Simple patterns and brand logos make consumers feel bored. Why does this mentality arise?

1). demands transparency and confidence in companies having clear values because of the shift in consumer psychology.

2). the nature of sexuality and gender identity is also evolving.

3). the expansion of multi-brand shops online Fourth, customers are increasingly looking to bloggers, celebrities, and friends for fashion and shopping inspiration, upending conventional media in the process. Gucci achieves a dynamic mix between highlighting its brand identity and classic core items in a variety of ways and providing trend-driven clothing for less traditional customers. Such a strategy enables the brand to stay at the forefront of cultural discussion and guarantees the tone and sales of its core products. It is a brand that is both current and traditional.

4. SWOT analysis

The term "SWOT analysis" refers to a scenario analysis based on the internal and external competitive environment and conditions, referring to the primary internal strengths and weaknesses as well as exterior opportunities and dangers that are directly connected to the study object. It is possible to conduct comprehensive, systematic, and accurate research on the situation in which the research object (company) is located using this method, in order to formulate corresponding development strategies, plans, and countermeasures based on the research results. Gucci's marketing strategy of SWOT analysis is more precise and understandable. Gucci has evolved with the times as a result of the Internet era, but its inherited products, original purposes, and brand culture have remained constant.

1) Advantage research

The GUCCI name has a strong celebrity pull. A lot of musicians, actors, and artists have been seen carrying GUCCI handbags in photos. They frequently host collaborative exhibits with renowned artists at the same time, which not only raises brand recognition and value for GUCCI. Additionally, the items have exquisite craftsmanship and superior quality, and brand awareness is increased by fusing intricate artistry with avant-garde textiles.

2) Velocities Analysis

Excessive pricing increases Even if the cost of many expenditures, such as technology and creativity, has increased, certain buyers are still impacted. Customers found it difficult to accept price increases, for instance, the identical bag cost 14,800 yuan in September 2020 and increased to 19,800 yuan only during the Christmas season in December of the same year.

3) Threat analysis

The aesthetics of the post-80s and post-90s should be more reflected in GUCCI product design. Since GUCCI first entered the Chinese market, people in their middle age have consistently identified with the brand because of its high-end positioning and sophisticated aesthetic. So, in order to gain a greater market share, Gucci's advertising should be increased to better suit the tastes of young people.

4) Opportunity analysis

GUCCI collaborates with well-known artists throughout the world. Artists collaborate across disciplines to create shared works when they host personal art exhibits, concerts, and other events. When GUCCI participates in important fashion weeks every year, may also selectively release a number of works with the same name. Online activities are directly organized by GUCCI. GUCCI

makes full advantage of the ease of the Internet to shift an art exhibition online when it cannot accommodate the demands of the public in a particular location, allowing more people to participate.

5. Conclusion

Even though GUCCI's development has gone through many ups and downs, it continues to lead the way in luxury goods and draws in more and more of the new generation's youth. The marketing strategies used by GUCCI to reach the Chinese market are commendable for several luxury commodities. As a result, the objectives of marketing management, the marketing landscape, brand planning, and marketing strategies of GUCCI luxury products in the Chinese market are studied and analyzed in this article. One of them is Gucci's marketing, which is also highly noticeable, for example, through the growth of brand user groups., pricing tiering, new channel marketing, and the application of contemporary technology (Internet) to better serve customers. Whether it is through the use of new media, community and mini-program marketing, collaboration with artists, or raising the price of the main line while lowering the threshold for the sub-line, GUCCI has developed technology to meet the needs of the Chinese market and current Chinese consumer groups. The creation of marketing tactics.

In the future, GUCCI will continue to uphold its distinctive and traditional qualities while incorporating new fashion trends, innovating, and creating new, exclusive styles that are exclusively Gucci. GUCCI First-line luxury brand with a high degree of beauty, superiority, exclusivity, scarcity, high price, and excellent quality best describes China's market stance. Gucci is a fashion brand that enables customers to display their unique social standing and impeccable taste. I assume that since I haven't taken any professional marketing courses, as a result, many market idea details are not totally and specifically fully grasped. I should pay closer attention to both the professional understanding of marketing and the fusion of numerous luxury brands' current-day fashion aspects in my future studies.

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