

GUCCI®
WHAT ARE WE GOING
TO DO WITH ALL THIS
FUTURE?

STUDENT: ALESSANDRO LEDDA
STUDENT NUMBER: 1921858
MODULE: INTERNATIONAL MARKETING
ASSIGNMENT: ASSESSMENT1
LECTURER: TUSHARA BALENDRAN

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Introduction

In 2019 The Lyst Index introduced Gucci as the most popular brand in the world: more than 6 million shoppers browsed online for a Gucci bag, belt and show between October and December in the previous year. This success depends not just on Millennials and Gen Z, considered as customers of the future, but includes also the new segment of HENRYs (High-Earners-Not-Rich-Yet). The main strategy for luxury brands is now more than ever focused on investments to improve the market digitally, through social media and re-considering storytelling behind brand awareness in terms of heritage and history. Main drivers in this directions seem to be technologies as AI and Big Data, making the opportunity for an engagement straightly directed to pretentious customers.

The new segment of HENRYs represents a huge opportunity in creating a more personalised experience, exploiting a stronger income capability (between US\$100,000 and US\$250,0001): HENRYs are also transcending generational confines, aged on average 43, expressing potential benefits above all for luxury industry through their love for technology. Consequently the offer should respect the need around self-expressive products, keeping on the top core values like authenticity, relatability, devotion to do the right thing, through sustainable practices. Gucci has tried to engage HENRYs exploiting digital initiatives as #GucciGram, creating network in influencer marketing, and #24HourAce through different artists took over the company's Snapchat account for an hour. The new segment considers more influent brands that created values and viral content in the last 24 hours, that's the reason why focus the e strategy just on the background history could be less effective.

Luxury brands are also following data strategies to become highly personalised, as response for customers' requirements. In 2016, Gucci launched a 'Do It Yourself' service, enabling customers to personalize a selection of products, starting with the Dionysus handbag. But nto the global outlook, how does that personalisation is working? Is it following one single-perspective?

This report will compare two different and opposite countries, Italy and China, trying to analyse how Gucci is answering about different and similar needs between west and east. Despite the crisis in the economic growth, China, Eurozone and USA are giving a huge support to luxury goods: revenue in the Luxury Fashion segment is projected to reach US\$107,969m in 2021 and the market is expected to grow annually by 4.8%, especially for largest segment of Apparel, with a market volume of US\$72,207m in 2021.

The Company

Gucci is an Italian fashion label, founded in 1921 by Guccio Gucci, known as one of the oldest brands: the brand started out with luggage manufacturer, producing luxury travel goods for Italian upper-class, and also equestrian equipment, focused on leather fabrics. During the Second World War, Gucci introduced cotton in its production, creating the double G monogram, and the iconic stripe, consisting of two green stripes interrupted by a single red bar.

1950's have been the period of great international success for Gucci, thanks to wealthy travellers, Hollywood stars and other well-heeled shoppers, renowned for its extravagant, opulent designs. During '60s the company introduced luxury accessories, as eyewear, watches and jewelry, while during '80s it has been through numerous troubles between family disputes, tax evasion charges, assassinations and sales to foreign investors. Thanks to the American designer Tom Ford, hired as Creative Director, Gucci restored its reputation, even though reducing the brand's production, focusing on its extravagant identity.

The brand surprised their audience when, in 2015, it was announced that Alessandro Michele would take over as creative director of the brand; Michele had worked for Gucci in various roles for 12 years, he was still relatively unknown as a designer, and it was not clear in what direction he would take the brand. The new Director introduces drivers as extravagance and opulence with a theatrical, somewhat-kitschy pageantry, to be a great success, attracting the young segment of the market and reaching an 11% boost in profits in 2017.

Gucci has developed not just as luxury fashion house, but also as a slang of abundance, becoming a constant source of inspiration for many rappers and hip-hop artists – leading to the development of this slang and enforcing the mission to become the leader in luxury market at worldwide level.

Currently Gucci is owned by the French luxury group Kering, which also owns Yves Saint Laurent, Balenciaga and Alexander McQueen.

Gucci has been the bigger contributor to the Kering Group's revenue over the past number of years, reaching a value amounted to 10.2 billion U.S. dollars in 2019. In the same year the Company was the fourth most valuable luxury brand worldwide, and its revenue depended leather goods, such as handbags and wallets, followed by shoes and ready-to-wear clothing. Although it is a European brand, there are currently 207 Gucci stores operating in emerging countries worldwide, compared to only 106 in Western Europe, with a total of 520 store across the world.

The Company has also a strong online presence, with nearly 19.5 million visits to their website in 2019, making it the fourth most visited luxury brand website in that year. The brand also has a popular Instagram page, with nearly 34 million followers as of May 2019.



Macro Environment

Italy

Following the Made in Italy labelling requirements, founded by Italian government, considers products as national resources in case they have been completely manufactured in the Country, especially for leather goods. In 2020 was celebrated the 50th anniversary of diplomatic relations with China. However, China's massive exports of clothing and accessories to Italy are a growing concern for the Country's productivity. According to OECD report 2018, the total value of counterfeit goods sold worldwide at over 35 billion euros for 2013, mainly from China (50%)

This aspect is unfavourable for Gucci, because its revenue could be damaged by sales of fake products on secondary markets, to consumers who knowingly buy them.

Italy's economy was heavily impacted by the global financial crisis and only emerged from recession in 2015, however in 2018 the country's GDP was still 4% lower than the 2007 level. According to ISTAT 2019, average expenditure of Italian families is 2.751 euros, with 4.6% (119 euros) for clothes and accessories. The average Italian customer cannot afford a long-term relationship with the luxury industry, but probably only the purchase of a single product as a status symbol, so this aspect could be unfavourable for Gucci.

People aged between 45-54 years made up the largest part of population in Italy in 2019, counting in total 9.7 million individuals, followed by 35-44 for 7.8 million, 25-34 for 6.5 million, and 18-24 for 4 million. In 2019 52% of individuals defined their social status as middle class, and 37% to be part of the lower social class. Income inequalities, also, divide the Country: inhabitants of the South and the Islands earn on average around ten thousand euros less annually than Italians from the North East. Social factors seem to be favourable for Gucci's strategy development, especially because it is focused on the largest cities of the Country, for instance Milan and Rome, exploiting a large base of customers.

China

Since 2017, the US had initiated several investigations targeting China, even through the imposition of tariffs by the US Government on various products from China. In 2019 the conflict was identified as war, but for the costs and loss brought by that process the two countries negotiated. The Country encourages the import of technologies, equipment, parts and so on, and encourages the world's biggest companies and investors to develop their strategies. In November 2019, China successfully held the second China International Import Expo (CIIE) in Shanghai, to the integration of trade, investment, culture, tourism and industry with a broader scope of spillover effects. Political reality seems to be unfavourable for Gucci, particularly for the cold situation with U.S. that doesn't allow trades for possible developments.

Special Economic Zones contributed to China's development, as reforms and resources experimentation. There are six types of them: administrative areas, geographical areas international cooperation, local industrial parks, industry clusters, corporate SZE's. In 2010 China invested \$56bn in outward Foreign Direct Investment and in 2020 sales revenue of the top 500 private firms reached 30.17 trillion yuan (\$4.46 trillion). Economic factors could be a strength for Gucci, to analyse new segment in developing areas.

China's population will peak at 1.6 billion in 2040, and it is still divided into five classes: upper class for the 0.2% of population; upper middle class for the 5% of population; lower middle class, 25% of population; grassroots for the 60% of population; bottom, 10% of population as unemployed people. According to McKinsey Report 2018, Chinese population is taking care of itself amid the stress, congestion, and pollution of urban living, they are expecting to increase their spending mainly on categories related to health and lifestyle. Attitudes toward gender roles have always been influenced by tradition, especially since Communist government initiated the one-child policy. Those aspects could be favourable strength for Gucci, as improvement of customers base and a more segmentation.

Macro Environment (continue)

Italy

In according to *Hofstede Comparison Model*, Italy looks more based on a individualist culture, in which the meaning of me/myself is stronger than we/us. Particularly in the North, characterised by the concentration of industrial sector, people are running for own goals. The Southern is more focused on the family network and the group, as important social aspects, and rituals such as weddings or Sunday lunches with the family are occasions that one can't miss. One more time the difference between North side and South one is showed about the equality: the first one prefer s equality and a decentralisation of power and decision-making, taking control, the opposite for the Southern side; generally the younger generation is more imprinted in teamwork and co-operation. Italy is also a masculine society, driven by value as competition and success, especially in the workforce and through status symbol as cars or luxury goods. Through the Italian penal and civil code complication, it's easy understand how the Country is not comfortable in ambiguous situations, showing an high score for uncertainty avoidance. The contradiction between all the existing norms and procedures and the fact that Italians don't always comply with them, suggests that in the most of situations the planning is the only solution. Also it Country has a tendency to cynicism and pessimism.

In according to Deloitte 2019, Italy is one of the top four countries (along with Germany, the UK and Poland) in Europe, which has about 46,000 high-tech companies in total and above the European average in terms of the production and use of industrial robots, and in the adoption of 4.0 technologies such as the cloud, the Internet of Things (IoT) and machine-to-machine (M2M) communication. The average annual research and development (R&D) expenditure of Italy's top R&D spending enterprises, at €185.4 million. This aspect is favourable for Gucci, since when the digital revolution could be an opportunity to increase personalisation for the marketing experience, collecting more data to answer properly to specific needs.

Italian Civil Code about manufacturing arrangements explains how the contractor takes on the risk, organisation and supervision related to the business; the brand, as a principal, is jointly liable for all salaries, insurance, severance indemnities, towards the contractor's employees. Sub-supply agreements are specifically regulated by Law No. 192/1998, which imposes strict and mandatory requirements to ensure that the sub-supplier does not become economically dependent on the brand. Procurement of raw materials and components needs to ensure that competitors will not take advantage of similar products or technologies.

Those aspects could be favourable for Gucci to achieve a more strong identity.

China

In according to *Hofstede Comparison Model*, China is a Country that believes inequalities amongst people are acceptable, and Individuals are influenced by formal authority and sanctions trusting in other's capacity for leadership and initiative. It is also a collectivist culture, in which the general is goal is the main driver to achieve personal satisfaction. Relations as family group and co-workers prevail over task and company. Being a masculine society, means that it is driven by success, sacrificing family and leisure priorities to work; or students this goal is achieved through exam scores and ranking. In the Chinese society truth may be relative though, so adherence to laws and rules may be flexible to suit the actual situation and pragmatism is a fact of life. The society feels comfortable with ambiguity, for example the Chinese language is full of ambiguous meanings that can be difficult for Western people to follow. Following its pragmatic attitude, the society has the ability to adapt traditions easily to changed conditions, a strong propensity to save and invest, even showing a tendency for pessimistic attitude and treasuring personal gratification.

Made in China (MIC) 2025 is a document in 2015, pushing for leadership in robotics, information technology, and clean energy, as a opportunity for a shift from being a low-end manufacturer to becoming a high-end producer of goods and service. Exploiting the experience of the Asian Tiger nations - South Korea, Taiwan, Singapore and Hong Kong -, MIC25 aims to move more sophisticated parts of the value chain and high-caliber research and development into China, spurring local companies to seek leadership in own sector. Of course this is a great opportunity for Gucci, since when a huge part of its strategy is focused on online channel.

China's first e-commerce law officially took effect on January 1st, 2019. The law aims to protect the legal rights and interests of all parties involved in e-commerce transactions while maintaining market order. The law is toward not only consumer protections like data privacy and cybersecurity, but it also repairs China's reputation as a source of knock-off and counterfeit merchandise by zeroing in on false advertising.

Macro Environment (continue)

Italy

Italy ranks 84th in the world for ecological sustainability, becoming one of the world's largest producers of renewable energy. Deforestation, illegal building developments and poor land management policies have led to significant erosion all over Italy's mountainous regions, leading to major ecological disasters like the 1963 Vajont Dam flood, the 1998 Sarno and 2009 Messina mudslides. That could be favourable for Gucci, giving the opportunity to improve its CSR in terms of green strategies.

China

E

The country's energy consumption has ballooned; in 2013, Beijing experienced a prolonged bout of smog known as airpocalypse period, with a concentration of hazardous particles was forty times the level deemed safe by the World Health Organization. China is home to 20% of the world's population but only 7% of its fresh water sources. Overuse and contamination have produced severe shortages, with nearly 70% of the country's water supplies dedicated to agriculture and and 20 percent of supplies used in the coal industry. That is favourable for Gucci, giving the opportunity to create strategic to focus the awareness, not just through sales, but also through solidarity.



Micro Environment - Porter's Five Forces

Italy

Bargaining Power of Suppliers

This force is high in Italy, because Gucci's supply chain employs thousands of people who work for the House indirectly and help produce its collections, including both internal facilities that are owned and directly managed by Gucci and external facilities managed by trusted suppliers. 95% of our manufacturers are based in Italy, which are required to comply with our Gucci Sustainability Principles and Code of Ethics; also the Company joined the Supporting Women in the Luxury Supply Chain: A Focus on Italy to understand the status of women working in the Italian luxury supply chain and to identify opportunities to support gender equality.

Bargaining Power of Buyers

This force is medium in Italy: Gucci is a Company product oriented, rather than market oriented, offering high quality products and with its own customer base who buys the Brand despite the price, particularly as loyal customers, thanks to well established name and unique customer demand with value-added price. This force could be stronger if customers will change needs and desires, following the trends of the digital revolution: this aspect will improve their power in terms of influence especially in online channels.

Threat of New Entrants

This force is low, due the saturation of the fashion industry, including local, niche, and luxury brands. The new entrants have to fight with big giants companies, that own already large segments in the market. Also it will be difficult to build a loyal customer base in the short-period, as the main competitors have done in decades. Investments in organisation, production and distribution represent an high barrier to the market.

Threat from the Substitute Product

This force is high, due the issue around counterfeits, which are still penetrating the market, taking away a portion of luxury goods companies. One more threat should be connected to replacement about product lines for make-up, fragrance and accessories, especially during recession period. Also, luxury goods could compete with other expensive products, such as car, travels, holidays.

China

Bargaining Power of Supplier

This force is low in China, because officially, Gucci does not manufacture any of their products in China (all the its manufacturing plants are located within Italy except for a few in other European countries), but Chinese premium shopping malls have a medium bargaining power in this industry, the difficult to create being loyal programmes to shopping malls.

Bargaining Power of Buyers

This force is weak for China, for different reasons. First of all there are minimal promotions and discounts for luxury goods; the large customer base of luxury consumers, increases the attractiveness of the industry; following the trends in constant change, Chinese customers need to purchase new luxury goods each season to stay in upgraded.

Threat of New Entrants

This force is really weak, since when the barrier are high, particularly for the big investment that new entrants should provided for Treal estate, heavily regulated by Chinese government. Also, current companies have already establish strong relations with suppliers, meaning one more disadvantage to approach the market.

Threat from the Substitute Product

This force is high, considering again counterfeits, which are mainly from this Country and shipped worldwide, and the customers are more close to be attracted. The imitation has included mostly shoes, bags, and luggages, also make-up and fragrances.

Industry Rivalry

Even the market is saturated by competitors, each big player is taking the own part to reach different segments. Each competitor is producing a different product, responding to needs of authenticity and diversity brought from globalisation, differentiating the offer in different lines, to achieve niches as well. Gucci, even thanks to its management, could be considered one of the leading companies, supported by strong strategic base.

SWOT

Italy

- Italian heritage
- Strong brand image & equity
- Highest quality of products
- Huge product portfolio (apparel, clothing, wallets, watches)
- Partnership with UNICEF as a part of CSR initiative
- Strong online presence and excellent advertising promotion

- Huge investment for brand image
- Counterfeiting/fake imitations from worldwide
- Italy one of the most countries to decrease revenue luxury goods during pandemic

- Value to promote Integration (According the latest available data, foreign citizens residing in Italy on 1 January 2018 make up 8.5% of the population, equal to 5.144 million individuals and Italy is characterised by a considerable delay in the development of a model of integration)
- Developing Countries
- Swimwear - beachwear line
- Artificial Intelligence & Fashion (exploiting Italian contribute to EU in robotic)

- Price fluctuation and/or recession
- Product substitution is easily available
- Competitive segment as limited market share growth

China

- Dominant luxury brand
- Personal luxury market is estimated to grow by about 48% after 2020
- China was Kering's second fastest-growing market in 2018 and accounted for 90% of the growth of the world luxury market in 2019
- Gucci the top brand in Chinese social media, mentions, reports, likes, reads, sentiment, according to Women's Wear Daily's
- Partnership with many Chinese key opinion leaders
- Capsule collection for Chinese festivities

- Trademark infringements and counterfeiting
- China as heterogeneous country with different different standards of living, so a product that is a smashing success in Beijing will not necessarily sell-out in lower-tier cities
- U.S. - China trade war

- Millennials represent more than 70% of Tmall's luxury fashion and lifestyle market, while Gen Z is the fastest-growing group (Bain, 2020)
- Gen Z's purchase of luxury collaborations and limited editions grew 300% to 400% between January and October (Small 2020), who make their first luxury purchase at age 20, preferring cross-brands collaboration
- Made in China 2025 (Pestle)
- Special Economic Zones

- Competition
- Product substitution is easily available

STP - Segmentation, Targeting, Positioning

Segmentation

The segmentation process finds and meets the customer needs, dividing the market in segments, and what value proposition each segment is looking for. That process is also useful to identify new opportunities for products and services.

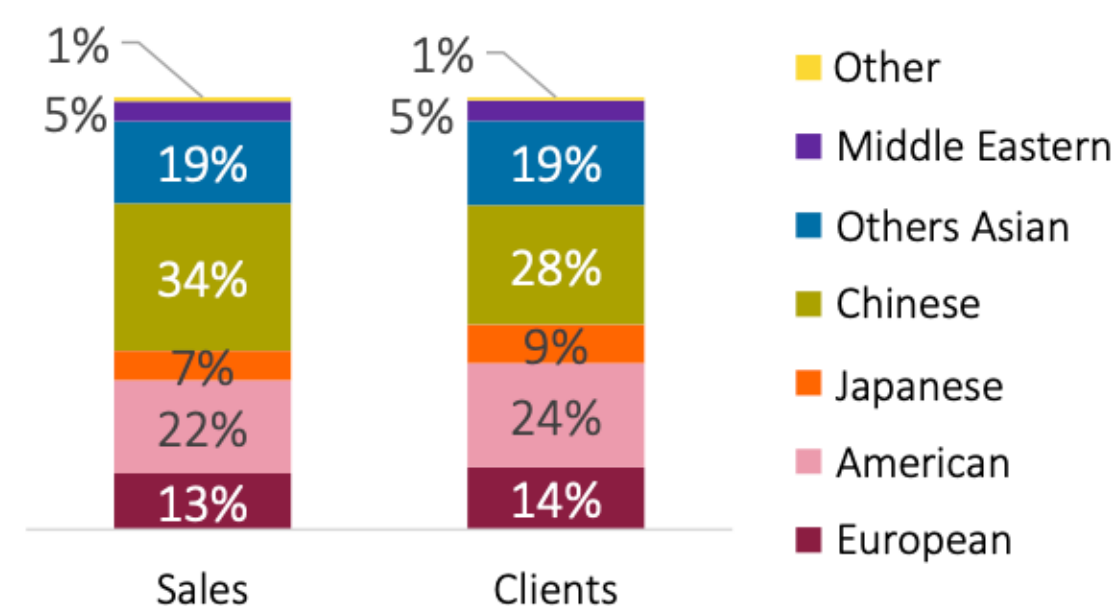
Segmentation for both of the countries Italy and China is based on the same variables, such as demographic, geographical, psychological, and behavioural.

Demographic

Gucci is focus on products for men and women, from 20 - 50, even in recent years it included children as well, always oriented to people whom desire impress others, supported by a medium/strong financial base: this is the accentuation of the lifestyle they are living.

Geographical

Gucci is located in developed country, that can afford a high prices for quality, and at the same time ignoring developing ones and emerging markets. In 2017 sales and revenue of Gucci have been composed by:



Psychographic

The focus is on lifestyle, since the beginning when Gucci has targeted the lifestyle of its mainly as songsters, film stars, and aristocrats, whose buying decision are mainly influenced by the group they belong to. Later it started to include a large segmentation around lower classes that want to emulate this kind of lifestyle. At the beginning the main target has been composed by celebrities, wealthy, fashionistas, and the upper class, but recently it includes middle and upper-middle class.

Behavioural

In accord to Porter, behavioral segmentation is supported by brand image and customer loyalty: Gucci creates a unique position in the market place through quality and high brand image. Most of their customers are highly loyal because their buying experience is really satisfying.

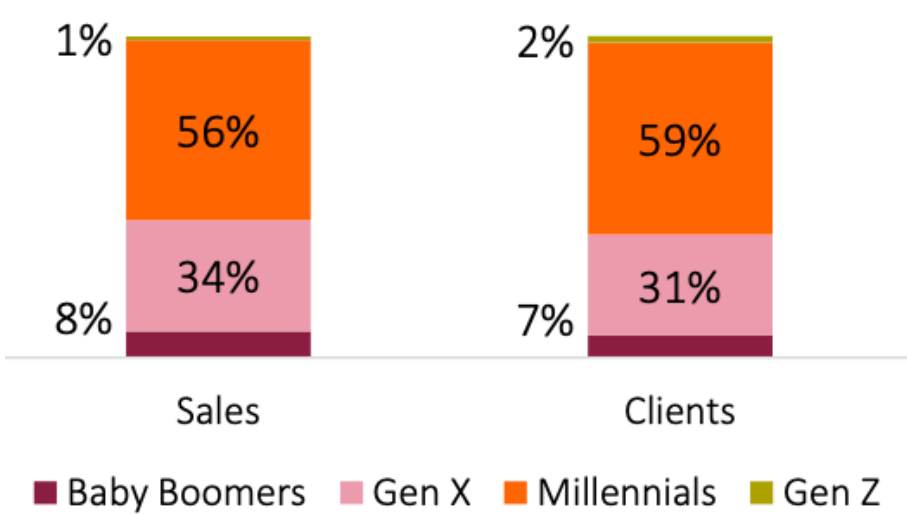


STP - Segmentation, Targeting, Positioning

Targeting

Italy

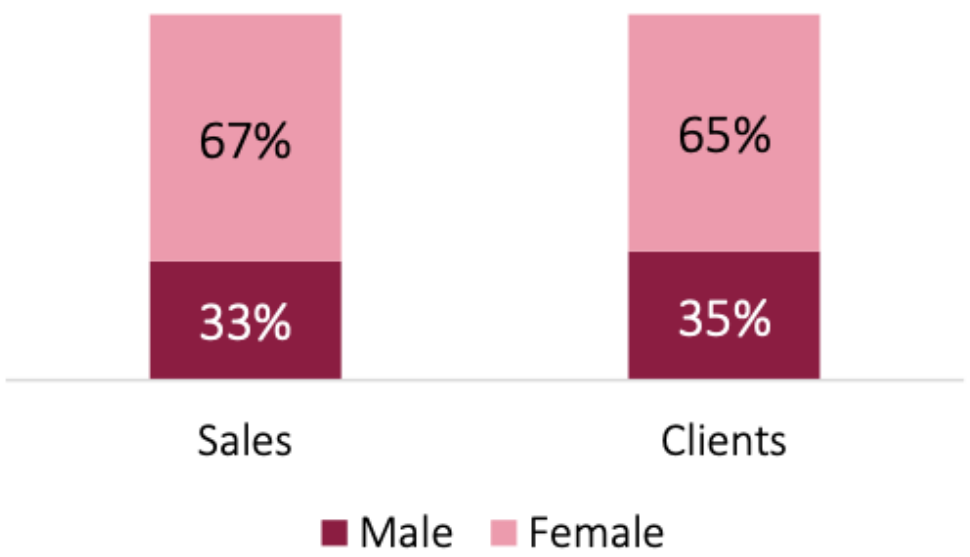
Gucci's undifferentiated target includes both male, female and cross gender extensions, through the large range of production. They sell almost all age group clothing but after done research, it is identified that their target group is between 25 to 50 years, as worker or professionals, able to invest in their lifestyle, and children. In 2017, Millennials influenced revenue as:



China

In China the target more influent for Gucci's revenue is still composed by Millennials and Gen Z, for the 62% of Gucci's \$eight billion in sales last year came from consumers who were 35 and under (Millennials), but at the same time the Brand' is growing faster its consumers 24 and under (Generation Z).

Also, the Brand is registering an improvement about the gender gap, registering in 2017:



STP - Segmentation, Targeting, Positioning

Positioning

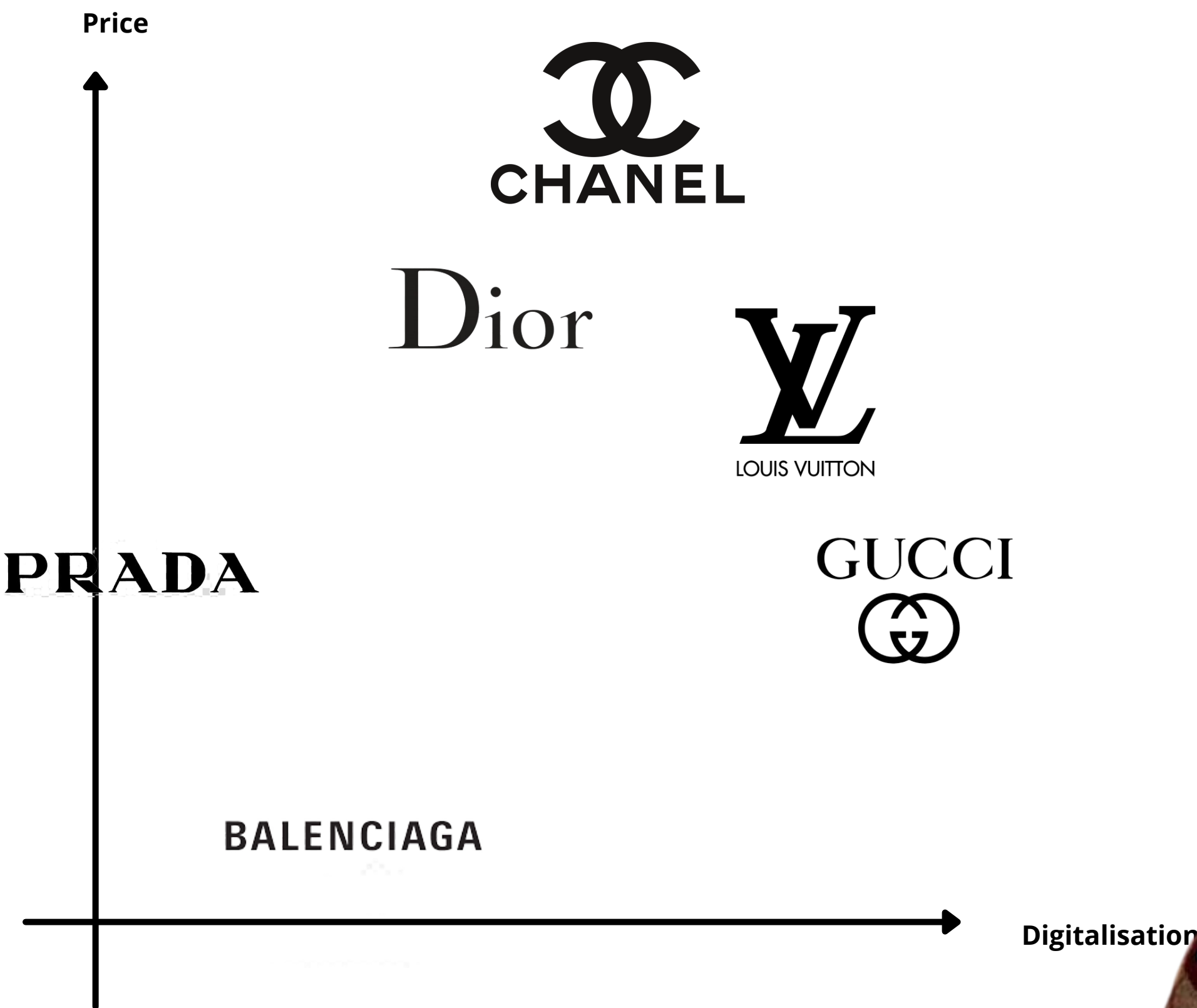
Positioning is analysed through Price, as relation between value proposition and quality, and Digitalisation: *the Competitive Map Luxury 2018* between 34 luxury brands put Gucci on the top with Burberry, taking in consideration 180 parameters, focused on mostly the online channels, as countries with e-commerce, social coverages, customer service. The Company moved in the last 2 years from n.3 position to the top, recognising as most important strength the digital customer experience.

Italy

According to Luxe Digital 2020, Gucci is on the top for ranking popularity about luxury brands in Europe, even its online searches dropped by 19% year over year, discussed over 11 million times per month, on average. Comparing the digitalawareness with quality prices, the current Gucci's positioning for the Western segment, including Italy, is:

China

In according to Gartner's Digital IQ Index 2020, luxury brands continue to invest in celebrities and KOLs (Key Opinion Leaders/influencers), but also experiment with livestreaming, emerging social media platforms, and new channels of e-commerce like Tmall. In this direction Gucci is preceded by Louis Vuitton.



Marketing Mix Elements

Gucci’s competitive advantage is focus on main drivers, connected to valorise creation and self-expression as main values, through an emotional engagement. The brand ambition to *re-establish Gucci’s position as a pivotal Italian luxury fashion brand – leading the industry by setting the tone with innovative runway collections and groundbreaking creativity*, promote individuality, freedom, and authenticity of each stakeholder, that recognise themselves in the Gucci Tribe.

Guccification is the process to bring Gucci values worldwide, even through the Marketing Mix.

Italy

Product

Each product is characterised by the add value of the logo, as unique selling point, and the label Made in Italy. The product mix is balanced across categories driving strong performance, while diversifying Gucci’s business:

- Handbag
- Luggage
- Wallet
- Belt
- Silk accessories
- Women shoes
- Men shoes
- Women Ready to Wear
- Men Ready to Wear
- Jewellery
- Fragrance

Price

Gucci premium price could be considered as psychological price, since customer satisfaction is linked to being associated with the premium brand. The association between price and high quality makes the product the status symbol, as core business. Enriched collections covering all price points helped to drive AUR up by approximately 20%, on all product categories since 2015.

China

Product

Guccy is adapting its strategy to the Chinese market following the *China First Approach*, considering Chinese shoppers sensory preference, as colours and shapes). Animal and floral prints used by Gucci are very attractive to Chinese customers, thanks to the brand’s ability to pass through different cultural movements as music and arts. Gucci started proposing collections with ¾ sleeves, because Western men usually have longer arms than Eastern men, modifying also accessories to valorise the different face conformations (sunglasses, for instance).

Cross-gender extensions too are attractive for the Chinese market, especially for city like Shangai, characterised by nǚhànzi (powerful and masculine women) and xiǎo nánrén (stylish and feminine men). Collaborating with Asian designers, Gucci created in 2016 a special print Tian, featuring a floral motif inspired by eighteenth-century Chinese textiles. Trying to take advantage by Chinese Holidays. Gucci created special collections and campaigns for Chinese New Year and Qixi festival.

Price

Gucci is always supported by the psychological price, even in 2019 reduced it around 3%, because the cut in the country’s VAT rate came into effect on April 1 of the same year.

Marketing Mix Elements

Italy

Place

Offline:

- There are only 106 direct stores in Western Europe, adapted to the new store concept to enhance customer “inclusivity”, reduce barriers between the product and the client and enhance cross-selling opportunities.
- 32 of them are located in Italy, in which main one is located in Florence, known as Gucci Garden, including a retail space (the Boutique), some exhibition spaces (the Gucci Galleria) and the Gucci Osteria by Massimo Bottura;
- The wholesale experience is characterised by selective approach complementing distribution strategy, as market indicator;
- Outlet channel, characterised by new store concept and assortment strategy.
- Gucci ArtLab: in-house prototyping and sampling of all of leather goods and shoes, combining these activities for the first time in the luxury industry, with over 37,000 square metres and employs over 950 people.
- Runways
- Franchising and Licensed Stores

Online:

- - Website / e-commerce is still ongoing roll-out on a global scale, to cover all key geographies. e-commerce is making sales more than doubled, particularly between 2015 and 2017, mostly from €120M to €270M, and traffic growth doubled in the same period from 100M to 224M;
- Globally, the website shows a seamless blend of commerce and rich storytelling, through a constant optimization of the user interface and overall shopping experience, with dedicated merchandizing team to optimize assortment, with the opportunity to meet exclusive products, as capsule collections and DIY.
- - Social media platforms, Facebook (reaching more than 17 m customers), Instagram (reaching an audience more than 20 m)

Online & Offline:

- Omnichannel service pilots (iPad in store, 90 min service, Find in Store)

China

Place

Through the franchising model, Gucci has a limited number of stores, to sell its products. Each store is located in expensive up streets, characterised by an attractive visual appeal, unique design and classic interior, to make the customer feels relaxed.

Offline:

- China includes 50 direct stores, 16 of them as refurbished stores and showing 18% of store network;

Online:

- Chinese website, launched in 2017, as a particular experiment, locally hosted to ensure fast site speed. The Chinese version is characterised by local payment methods AliPay and WeChatPay cash-on-delivery, store locator integrated with Baidu China and WeChat, and through a fully localized marketing strategy leveraging China specific ecosystem;
- Alibaba partenrship, through the opening of two flagship stores on Alibaba’s online luxury shopping platform;
- Local social media, such as WeChat, platform used for communication between Chinese people. Gucci created mini wechat-program: Gucci Gucci, the main page, contains two sections which are Gucci beauty self-expression and Purchase gift card.



Marketing Mix Elements

Italy

Promotion

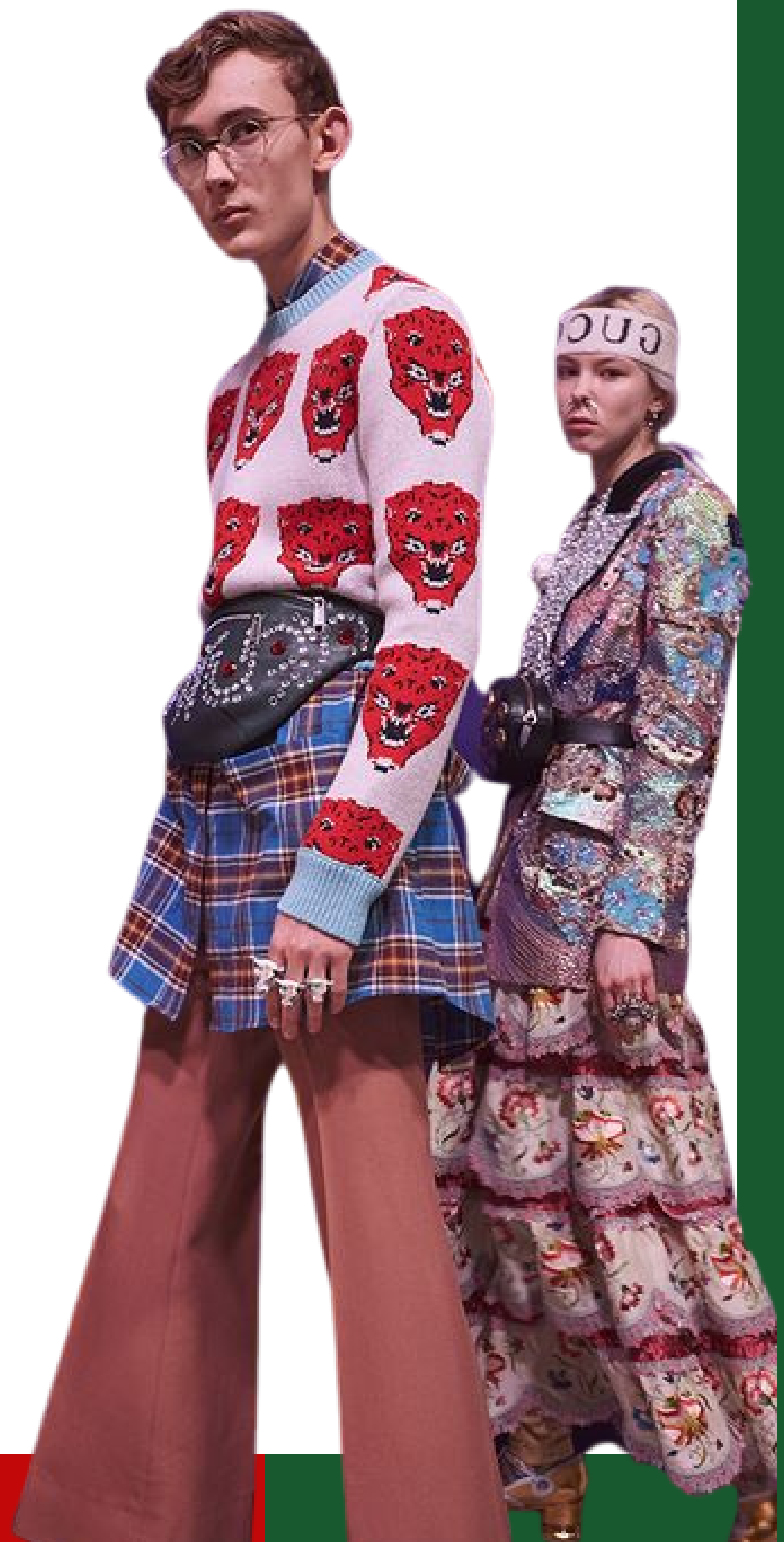
The promotion is seen as *Guccification* process, meaning to bring the brand valuer over the world:

- - Out of Home Marketing, as series of ArtWall murals, accompanying the Pre Fall collections, supporting advertising campaigns;
- Advertising campaign
- Stores and Windows Display;
- Website
- Social media: Facebook, Instagram, Pinterest, Youtube, Tumbler
- Mobile app *GucciStyle*, as virtual magazine
- Packaging;
- Fashion Show
- Collaborations: influencers and unskilled workers
- Reward programs, loyalty card
- CSR, Unicef Partnership
- Cross-branding, NorthFace collaboration

China

Promotion

- - Ambassador branding: Key Opinion Leaders as the main local driver for Guccification, including Chinese web influencers, singer and actors.
- Chinese advertising campaigns



Marketing Mix Elements

There are not evident differences regarding the three Ps about *People*, *Process*, and *Physical Evidence*, since when all of the distribution system is following the same guidelines.

People

The strong investment in *People* plays a huge part in the distribution strategy; staffing the store means offer an add value through sales associated and new roles as runners, floor managers. There is also a mystery shopper experience, to measure the customer expectations, from feedback and assessments, to new trainings and training tools for cross-selling skills and product knowledge. The customer service teams are located in all regions to locally support e-commerce growth with native language speakers. Gucci is building a employee loyalty program, with different reward and including them in decision process; the building of motivation is passing through the share of the inclusive organisational culture, showing the succession planning to engage all people in new challenges.

Process

To ensure the growth of the business experience, Gucci is following a systemic process, in which all of the operations are clearly communicated to all people levels, focusing on standards for the high quality. The operations include all of the steps, from procurement, management, quality maintenance, store management to the customers, during and post purchase. The customer experience off line is supported by the store team knowledge, in cooperating to enable the atmosphere in influencing the decision. Through the online channel, the experience could be more personalised since the choice of the product, with the possibility to do: pre-order, back-order, made to order, and personalised items. The system supports the customer in fitting the right size, and pay through Visa, Mastercard, American Express, JCB, Discover, Paypal, Amazon Pay, and Affirm. Shipping and delivery offer standard way, express, and premium express, the the option to track the order once it is shipped. The post purchase is characterised by options such as Care & Repair, Returns & Exchanges, and by a local customers service.

Physical Evidence

As a part of the marketing strategy, the physical evidence started in store atmosphere, giving feelings of relax and interaction with products. The packaging is unique, thanks to colours and patterns. The logo is simple, easy recognisable by the customers, as a symbol of confidence, ambition, and aspiration, maintaining the brand image.



Directional Strategy

Directional strategy is the plan implemented by the company, when it decides though which goals would be useful to growth the business, and increase margin. The company creates the direction by itself, analysing and then choosing the way more comfortable with the mission and values. This kind of strategy is based on three key elements, as stability, growth and retrenchment, influencing the growth by two different directions: vertical and horizontal. The vertical one considers as focus the current customers, increasing their capability to buy more on existing products Orr through new developments. The horizontal seeks new customers, engaging new locations and areas, making larger the customer base.

Boston Consulting Group Matrix



Recommendations

Possible directional strategies for Gucci could be the focus on developing Countries, particularly around Asia Pacific, to improve values as inclusivity and diversity. The focus of this strategy should be the support to local communities, in terms of scouting talents, creating a co-operation between local tradition and global challenge, as key to read the future challenges and needs.

To improve the awareness in terms of sustainability, luxury brands could start the possibility to rent and resell products in house, adding value to the business and communities, tribes, as environmentally-friendly. In terms of promotion is already started a collaboration between luxury and gamification, winning over the youngest segment of luxury goods and creating complicity through the virtual reality.

The pandemic COVID-19 is still influencing offline channel, and improving the online one, dictating new specific trends for the customer behaviours. Considering this variable in the analysis of the strategy, will mean consider upgraded ways in caring the long-term relation with customers, just focusing on digital marketing, that could be more artificially sensorial.



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