

*Segmenting, Targeting,
& Positioning for
a Luxury Brand*

GUCCI



GUCCI Case Analysis

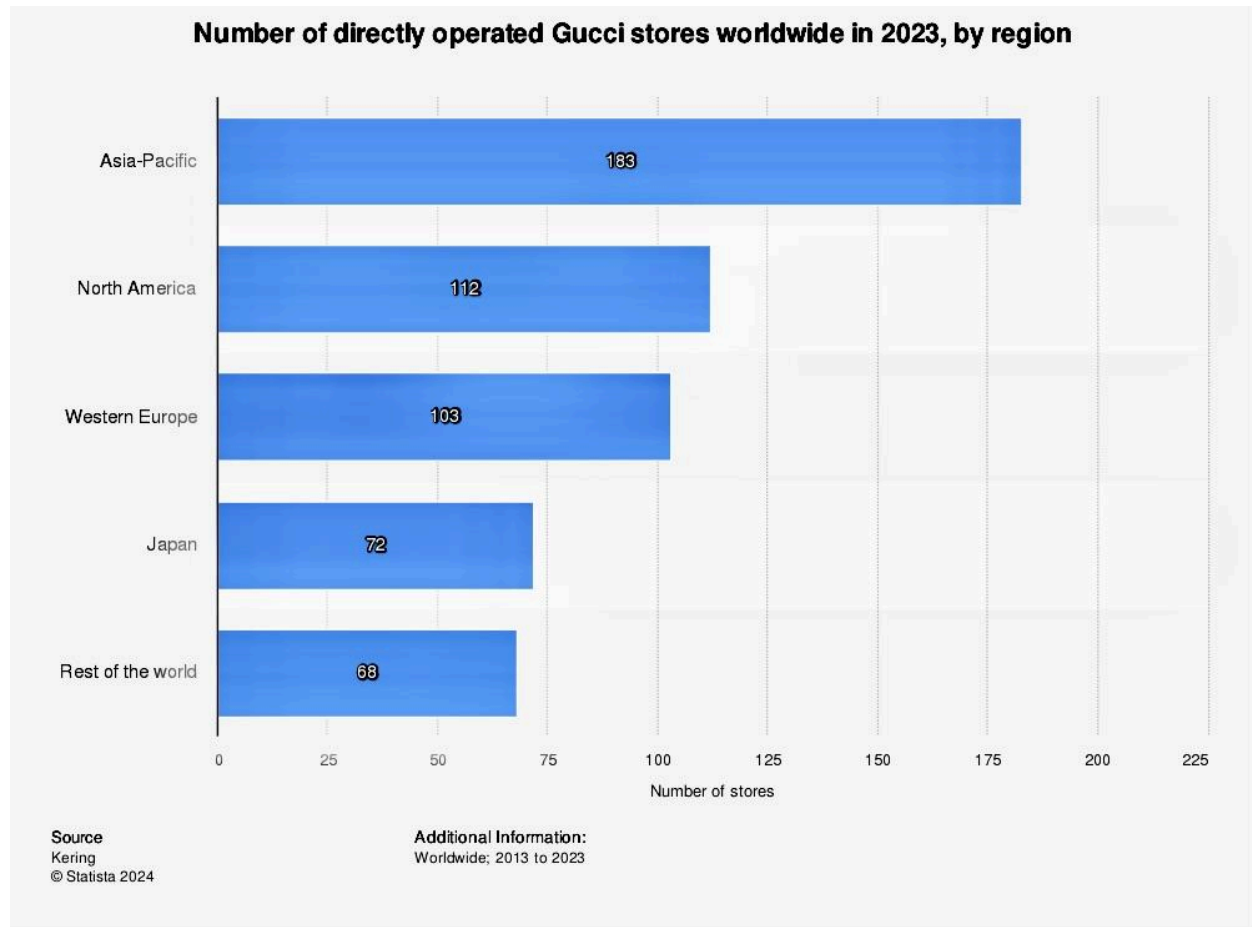
Segmenting, Targeting, Positioning, and Gaps in Brand Communications

Consumer Segments for Gucci

As a century-old luxury brand, Gucci faces a challenge in balancing the needs of two opposing customer segments. The brand appeals to high-income consumers seeking a luxurious lifestyle, but this audience is distinctly divided into older and younger segments. Historically, Gucci's primary audience consisted of affluent individuals aged 35 and above. However, recent data indicates a significant shift, with approximately 62% of Gucci's sales in 2018 coming from consumers under 35 years old. Older luxury consumers, familiar with the brand, continue to hold standards for prestige and craftsmanship. For this segment, the primary goal is retention by meeting their expectations for exclusivity and timeless quality. Simultaneously, younger luxury consumers are discovering Gucci and evaluating its relevance through the lens of inclusivity, social trends, and environmental consciousness. The goal for this segment is to increase acquisition and maintain retention. This dual focus presents a complex challenge, as the two segments differ significantly in demographics and psychographics. Successfully targeting both segments requires Gucci to craft products that blend classic and contemporary elements while deploying tailored marketing strategies that resonate with each group's unique values and preferences.

Consumer Geographics

Gucci's older customer segment is predominantly located in Western Europe, a region where luxury consumption is deeply rooted and well established. Gucci holds a substantial market share in this area with 103 stores. Catering to this segment involves tailoring store offerings to highlight collections that emphasize class and timeless appeal. Additionally, the higher disposable income typical of this group allows Gucci to promote its more expensive products, showcasing fine craftsmanship and exclusivity. In contrast, the brand's younger segment is more geographically diverse, particularly in regions where trends in fashion or sustainability are driving purchasing behavior. These locations include the Asia-Pacific region, where Gucci has 183 stores, and North America with 112 stores. Economic conditions further distinguish younger consumers. The Asia-Pacific region may have lower purchasing power, requiring Gucci to adapt its offerings to ensure affordability while maintaining brand prestige. Conversely, younger consumers in North America, benefiting from higher disposable incomes, may make more frequent luxury purchases.



Sabanoglu, Tugba. "Gucci Stores by Region Worldwide 2023." *Statista*, 20 Feb. 2024, www.statista.com/statistics/442796/number-of-gucci-stores-worldwide-by-region/.

To address these differences, Gucci should invest in regional research, focusing on cultural and economic factors to inform product offerings and marketing strategies. For example, a young woman in North America might prioritize Gucci's sustainability efforts, while a young man in China may value exclusivity and customization. Gucci has already demonstrated success with regional store tailoring, such as its 2017 revamp of the Ion Orchard store in Singapore, which allowed shoppers to personalize handbags and sneakers. Similarly, the SOHO New York boutique integrates haute couture with high-street merchandise and engaging video installations to appeal to younger, trend-driven consumers. Despite these localized strategies, Gucci's global presence must display the needs of every segment. The brand's website and online platforms should balance diverse consumer needs, maintaining cohesion while appealing to specific regional preferences.

Targeting Strategy

Among psychographic segmentation, older customers may seek a lifestyle of prestige, exclusivity, and quality, while younger buyers are motivated by sustainability, inclusivity, and social impact. Behaviorally, older customers may be more consistent in their purchasing patterns, valuing long-lasting products, while younger customers are more experimental and influenced by trends on social media. Gucci can aim to retain both segments by promoting their products through tailored channels. For example, older customers could receive exclusive offers or personalized recommendations via email, while younger customers view social media content featuring products and their unique usage. Gucci's digital channels, including Instagram, TikTok, Bilibili, Xiaohongshu, and the company website, can bridge the gap between segments through universal storytelling, crafting cohesive narratives that reflect shared brand values while appealing to the unique aspirations of each group.

Gaps in Brand Communications

Targeting two diverse customer segments creates potential communication gaps that risk alienating one or both groups. Maintaining a consistent brand identity is critical to avoid diluting Gucci's mission and market position. CEO Marco Bizzarri acknowledged this challenge in 2015, noting, "Gucci had become a brand that had too much emphasis on craftsmanship, to the point that it was no longer pushing the boundaries of fashion." This observation reflects a possible overemphasis on satisfying the older segment's preference for traditional craftsmanship. To address the imbalance, Gucci has worked to blend the preferences of both segments. The brand introduced products like the 'bootleg'-inspired logo T-shirt, horse-bit fur-lined loafers, and eclectic sneakers, combining luxury with streetwear. Additionally, Gucci embraced the values of its younger segment by implementing sustainability initiatives, such as eliminating animal fur and launching campaigns like the #thatfeelingwhenGUCCI meme collaboration. Inclusivity also became a priority, with gender-fluid clothing like patent leather boots and handbags for men. While these efforts resonate with younger customers, they risk alienating older, more conservative customers who value Gucci's historical identity and may perceive the rapid changes as inconsistent or unpredictable. To bridge this gap, Gucci has claimed to focus on creating products that cater to "a state of mind rather than just age." However, this approach is complex, as the mindsets of younger and older customers often differ significantly. A more effective strategy may involve balancing innovation with heritage. For example, blending classic and contemporary styles, like the logo T-shirt, can cater to both segments. Tailoring in-store displays and product attributes based on location and emphasizing sustainability through subtle initiatives like eco-friendly packaging for timeless designs can further enhance this balance. Communication channels should also reflect segmentation. For example, tailored direct mail or targeted online advertisements could appeal to older customers, while interactive social

media campaigns and influencer collaborations may resonate more with younger audiences. Gucci should adopt a gradual approach to these changes, ensuring the brand evolves naturally while retaining its core identity. A consistent global message, particularly on platforms like its website, is essential to unify these efforts. By blending heritage with modernity, Gucci can appeal to both segments, achieving a balance that fulfills the goals of acquiring new customers while retaining loyal ones.

Positioning

Gucci seeks to position itself as a luxury brand that bridges generational divides by blending timeless appeal with modern relevance. The brand's portfolio consists of timeless staples (70%) that remain consistent across seasons and trendy items (30%) that tap into current cultural trends, allowing Gucci to retain its heritage while resonating with younger consumers. To achieve this, Gucci must address the diverse needs of both segments. For older customers, the brand can emphasize exclusivity and craftsmanship through tailored in-store displays, and collections focused on classic styles. For younger consumers, Gucci should continue integrating contemporary trends, sustainability initiatives, and inclusive marketing campaigns. A consistent global message, blending heritage with innovation, is essential. Gucci should refine its storytelling on digital platforms, offer products that combine classic and modern elements, and tailor communication through segmented channels. Regional store tailoring, subtle sustainability integration, and gradual product evolution will help maintain Gucci's identity while adapting to changing preferences. By adopting a holistic approach to positioning—incorporating product innovation, targeted communications, and sustainable practices—Gucci can strengthen its market position as a luxury brand that appeals to both tradition and modernity.

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