

Research on the Marketing Strategy of the Fashion Luxury Industry in the Post-epidemic Era——Taking GUCCI as a Case

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Abstract: Recently, many brands have been influenced by the epidemic due to significant changes in consumer psychology and buying behavior. This paper adopts Gucci's famous luxury brand as a typical case and discusses how to transform and innovate marketing strategies to achieve brand recovery in the post-epidemic era. As for research methods, this paper uses primary and secondary data analysis to analyze Gucci's current situation and target consumers. At the same time, this paper also uses comparison to discuss Gucci's brand strategy. Then, the paper finds out that the luxury fashion industry has changed a lot during the epidemic because of the recovery of the global economy, the change in the consumer group, and the boom of digital marketing. As a result, Gucci takes various measures to adjust to the epidemic era. For instance, Gucci changed its design director and spared no effort in developing new ways of marketing. However, Gucci is still faced with the problem of over-rejuvenation and fierce competition in digital marketing. To solve these problems, this paper provides some suggestions, like keeping the balance between young and old consumers and finding new ways of marketing. By analyzing the situation and giving some suggestions, this paper can help Gucci find a path suitable for its long-term development under the epidemic.

1. Introduction

1.1 Research background

Since the epidemic outbreak, its influence has penetrated all aspects of people's lives. Brands are no exception. Under the epidemic, people's purchasing power has been greatly weakened, and people's consuming behavior has also undergone a great change, from offline to online. It negatively impacted luxury brands in the financial reporting season when the epidemic broke out and was mainly sold in offline stores. The situation of many luxury brands is not optimistic. The stock prices of many listed companies, including Kering, Capri Holdings, LVMH, and Burberry Group, have all suffered sharply, with a drop of more than 10 Points [1]. Although there has been a rebound in the current post-epidemic era, it has not yet fully recovered.

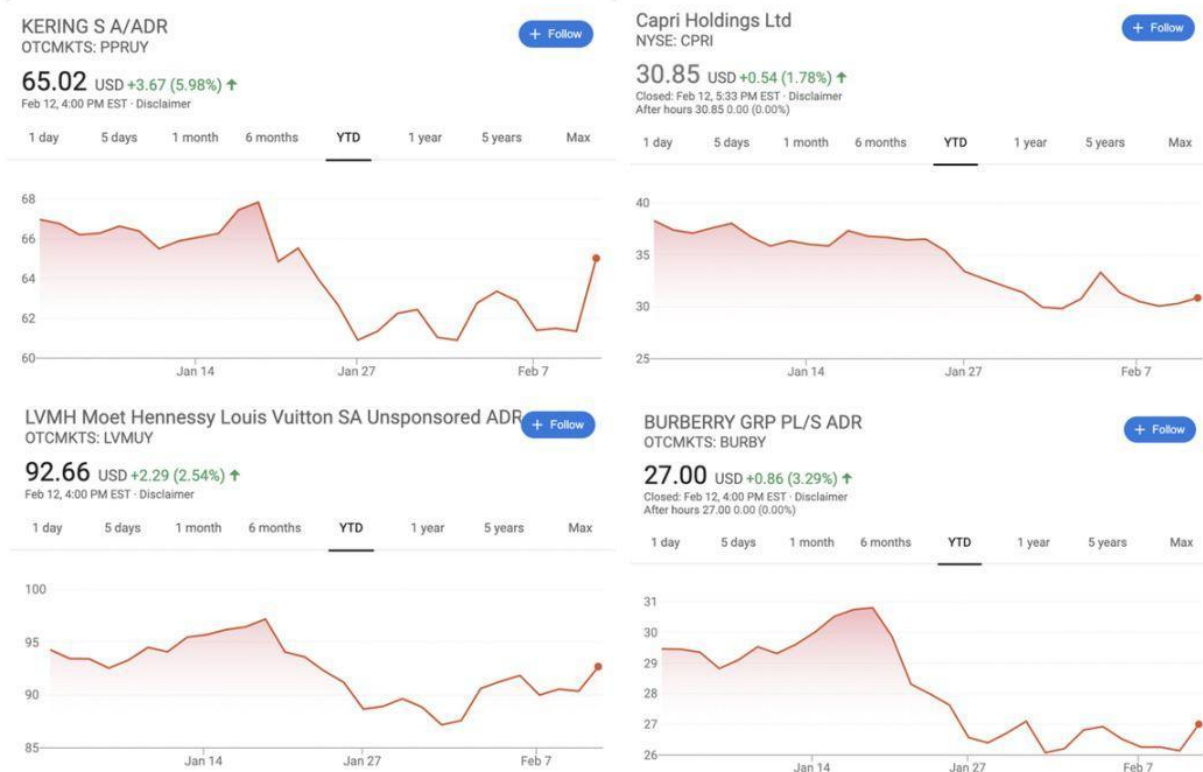


Fig. 1 Changes in the stock prices of different luxury goods groups during the epidemic

According to data, Gucci is the luxury brand that has been hit hardest by the epidemic. As of December 31, 2020, the sales of Kering Group, where Gucci is located, fell by 17.5%, and Gucci's sales fell by 22% to 7.4 billion euros. Compared with Hermès, Louis Vuitton, and Dior, this decline seems not very optimistic [2].

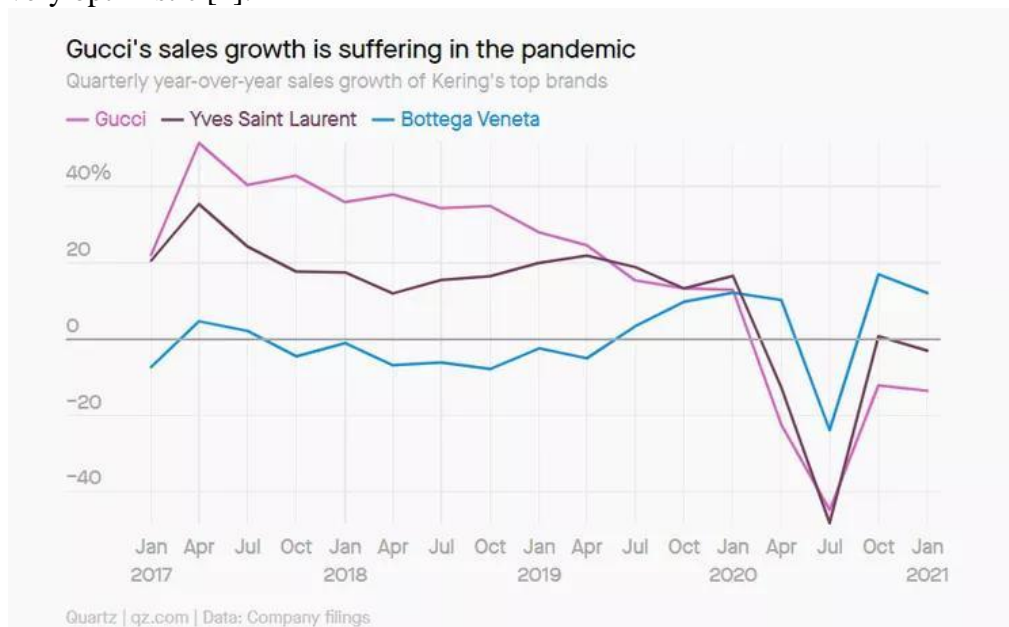


Fig. 2 Sales of Gucci and other luxury brands during the epidemic

In addition to short-term shocks, the luxury goods industry's manufacturing methods and sales methods are also facing a comprehensive transformation. Under the continuing influence of the Black Swan incident, the luxury goods industry needs to adjust its status and change its marketing strategy quickly. When there is the trend that the famous fashion week turns into an online fashion show, major luxury brands are forced to enter e-commerce; luxury brands must realize the importance of finding a

model of their development that conforms to the characteristics of the post-epidemic era. This is the defense of the brand's interests and the defense of the luxury brand's centuries-old cultural accumulation, timeless classics and their values, and the maintenance of the status of the entire luxury fashion industry. As far as consumers are concerned, the timely recovery and continuous innovation of luxury brands can better meet the needs of consumers in all aspects. As far as the whole society is concerned, the strategic adjustment and recovery of the luxury goods industry will also ensure that it will always lead the entire society in sustainable fashion and classics and create more value for people.

1.2 Literature review

Some of Gucci's literatures researched for marketing strategy proposed the following main strategies, which can be summarized as follows: style positioning, product portfolio, product quality, regional positioning, price positioning, sales links, promotional activities, and cooperative relations [3][4][5]. In terms of style positioning, some authors suggest that Gucci should find its unique and timeless general style as its signature general style. But according to the preferences of new and old customers, according to their preferences, different sub-product style positioning. But be as disruptive as you can, and keep innovating. Differentiation competition, features other than style competition, such as Italian quality leather, etc., play its product advantages. Some articles suggest developing new categories in product portfolios, such as jewelry and cosmetics, and investing in strong areas. At the same time, the management controls the quality of products, supports more in regions with large consumption, and makes appropriate price positioning for different products according to consumer groups. We suggest some promotional activities to improve distribution quality. Meanwhile, investing in social media and seeking strategic cooperation with other brands is also a good choice.

We found that most of the articles mainly studied Gucci's brand marketing strategy in non-epidemic. At the same time, a few scholars invested in Gucci's timely and effective marketing strategy to cope with such a situation when the epidemic was an emergency and the economy suffered a severe downturn. Therefore, we conducted relevant research on the situation of Gucci and how Gucci adopted its marketing strategy in the epidemic.

1.3 Research framework

Therefore, the paper will mainly explore the marketing strategies of the luxury goods industry in the post-epidemic era and use Gucci, which has been hit harder by the epidemic, as the leading case of this article to discuss how to transform and innovate marketing strategies to achieve brand recovery.

Firstly, this paper will first introduce the background of the entire post-epidemic era, investigate the impact of Gucci and other luxury goods, analyze and predict the development trend of the luxury goods industry in the post-epidemic era, and then put forward the research question of the marketing strategy of the luxury goods industry in the post-epidemic era. Next, analyze the original brand strategy of Gucci, including the analysis of the advantages and disadvantages of Gucci, brand positioning, target, as well as the changes in the brand strategy, the changes in consumer behavior and psychology, and the cases of other luxury brands. Finally, get a new marketing strategy that is in line with the development of the Gucci brand in the post-epidemic era.

2. Methods

This paper uses literary analysis to analyze secondary data. According to Athena Kashyap, "Literary analysis is the deep examination of a work of literature. When you think of literary analysis, think of holding up a magnifying glass to the details of language in a work of literature [6]." A large number of information and data from different resources is used in this paper. In the introduction, the paper uses data from the internet to analyze the current situation of luxury brands and how they are affected by the epidemic. By analyzing the stock prices of different luxury brands, it is easy to conclude that Gucci has been hit hardest by the epidemic. Thus, the paper will recommend Gucci to transform marketing strategy to achieve recovery post-epidemic era.

Moreover, this paper also uses primary data such as surveys and interviews. The group members designed a questionnaire about the consumer experience and buying process of Gucci's customers. We collect questionnaires from Gucci's consumers and potential buyers and conduct interviews about their attitude towards Gucci. After collecting the survey's outcomes, this paper analyzes the data and works out Gucci's customer persona. It represents one consumer segment of Gucci who is relatively young and wants to satisfy unique fashion taste and vanity. Aimed at their consumption psychology and consumption behavior, this paper proposes methods to communicate and influence consumers, making more potential consumers choose Gucci's products. For instance, the young generation prefers to gain information from social networks, so Gucci should find new ways of communication like posting advertisements on social media or using an online short video to tell Gucci's story.

Additionally, this paper will use comparison to analyze Gucci's brand strategy. By comparing Gucci's brand strategy in the past and the future, this paper will discuss the influence epidemic has made on Gucci and how Gucci can seek innovation and recovery. For instance, in the results part, this paper will analyze the advantages and disadvantages of Gucci's original brand strategy and propose a new brand strategy that can help Gucci survive the epidemic era. For instance, Gucci is currently undergoing a younger trend, which causes people to think about balancing the direction and the classics and consider new and old customers. Thus, new brand strategy should be proposed.

In summary, this paper uses primary and secondary data analysis to analyze Gucci's current situation and target consumers. At the same time, this paper also uses comparison to discuss Gucci's brand strategy.

3. Result

3.1 The current situation of fashion luxury industry

After the COVID-19 outbreak, the global economy plunged. But in the post-pandemic era, the economy is gradually recovering. The global luxury goods market is expected to increase from US\$309.6 billion in 2021 to US\$382.6 billion in 2025 at a CAGR of 5.4% [7]. The United States, China, and Japan are expected to become the three luxury giants. Their market sizes are \$71.3 billion, \$43.9 billion, and \$30.7 billion, respectively [7]. Together, these three countries will account for 47 percent of global luxury sales [7].



Fig. 3 Luxury goods market in billion US\$

(Source: Statista Consumer Market Outlook 2021)

Furthermore, the current consumer group is mainly millennials and Generation Z, who gradually become the main force of luxury consumers. With the growing influence of millennials and Generation

Z, the fashion luxury industry is now focusing more on sustainability, such as using non-animal materials to make luxury goods.

At the same time, digital marketing is becoming more and more popular, especially during the epidemic when it is not convenient for people to go outside. For example, Artificial Intelligence (AI), Immersive Technology (VR/AR), and 3D Printing—some of the more popular technologies right now—are being applied to the digital technology of luxury brands to enhance the shopping experience of customers. But offline shopping is still essential, and the number of brick-and-mortar stores continues to grow.

In addition, as men pay more attention to their clothes, they prefer casual style to formal style. Therefore, the demand for everyday wear is increasing in the fashion luxury industry. Moreover, the rise of high-end menswear has led some big luxury brands to open male-only stores. The proportion of people buying luxury accessories is also increasing. Renting and second-hand goods are a market trend in the future as well.

3.2 The characteristics of fashion luxury consumers

As shown below, some characteristics of consumer behavior will be displayed:

Today, Millennials and Generation Z are becoming significant consumers of luxury goods. In a survey in 2021, an interesting phenomenon was found: the number of male luxury consumers was more significant than the number of female consumers.

Moreover, most consumers said they preferred the best luxury goods in the affordable range and don't go for lower-priced products. In addition, they like luxuries that make them unique, to distinguish themselves from others. Luxury goods like personal customization are also a direction that fashion luxury consumers are becoming more and more fond of. And whether luxury goods can realize the personal value in disguise is also a factor that consumers attach great importance to.

In addition, accessories are the most popular category for luxury buyers. According to the survey from Statista, "shoes," "jackets and coats," "sunglasses," and "outerwear" were the accessories most interviewers valued [7].

During the pandemic, most consumers use online shopping. And most of them also like to try the luxuries they want to buy before buying them, and then decide whether to buy them. The product will also be compared with other products before purchase. The survey also shows that most luxury consumers like to buy luxury goods for their partners.

3.3 Gucci in the post-epidemic era

Gucci is a luxury brand that likes to innovate and lead fashion. It changed its design director in 2015 and continues to follow the trend of the times. After the outbreak of the epidemic, Gucci's response speed was relatively fast. In the post-epidemic era, Gucci's position has gradually moved closer to the trend of young fashion trends, and it has gradually shifted to young people on the target. This is not only to re-inject new vitality into the brand during the downturn in people's consumption to attract attention but also to conform to the trend in the post-epidemic era, as the new model of offline consumption is restricted. The proportion of online consumption increases is more in line with the consumption habits of Z era and millennials.

Therefore, Gucci's marketing methods in the post-epidemic era have mainly undergone digital and virtual transformations. It first entered e-commerce, which covers hundreds of products such as handbags, leather goods, shoes, ready-to-wear, accessories, watch jewelry, etc. It began to use a variety of live broadcast promotion methods. In addition, Gucci has also launched many virtual products, such as "Gucci Virtual 25" digital sneakers launched this year, and Gucci garden online virtual exhibition launched on the T mall platform last year. In addition, to cater to the preferences of the younger generation, the main force of online consumption under the epidemic, Gucci has also started various joint names with fashion brands and cartoon characters, trying to blaze a trail of sustainable fashion and youth.

3.4 SWOT analysis of Gucci

A SWOT analysis can be conducted on Gucci's digital and virtual marketing methods in the post-epidemic era. First of all, in terms of strengths, Gucci's digital marketing methods have slowed the epidemic's impact on it, adapted to the development of the entire environment, and injected new vitality into the brand. In terms of opportunities, sustainable fashion development can be realized. But in terms of weaknesses, it will first make Gucci lose some of its original classics and gradually lose the actual posture of luxury goods. Gucci has begun rejuvenation, which contradicts the current consumers buying luxury goods because they prefer to buy more high-end terminal products. Secondly, under the epidemic situation, Gucci's blindly youthful marketing model is prone to aesthetic and visual fatigue, and it cannot produce sustained appeal to people. In addition, many luxury brands are currently eating the dividends of millennials and consumers in the z era. The competition is very fierce. So in the future, there may be the threat of losing the original value of luxury brands and losing the old generation of customers. It will be hard to continue to attract the new generation of customers.

In summary, under the epidemic's new trends, Gucci needs to optimize a marketing method that can continue to attract new and old customers. Luxury brands that are already heavily dependent on store services, sales, and experience should be successfully transformed, highlighting the distinctive features. In addition, Gucci should pay attention to maintaining the original tone of luxury goods instead of blindly over-rejuvenating and being driven by the new consumption dividends under the epidemic. Gucci needs to find its position and show the brand value of luxury goods.

4. Discussion

Faced with the problem of over-rejuvenation and fierce competition in the area of digital marketing among various luxury fashion brands, it is high time that Gucci should find new ways of marketing in the post-epidemic era. This part of the essay will discuss improving strategies for the problems mentioned above.

4.1 Keep balance between young and old consumers

First and foremost, Gucci should change its positioning strategy. Currently, Gucci positions itself as an innovative, revolutionary luxury brand that works on rejuvenating luxury goods. It tries to attract the young generation but is also faced with losing a group of older generations since Gucci's current practice is a little too young. To combat the dilemma, a new positioning strategy should be proposed, that is: "For high-income individuals who want to show their unique fashion taste, Gucci is the only brand among all the luxury fashion brands that provide both classical and trendy products because Gucci has both craftsmanships with long history and determination for innovation." We think this position can balance the old and young generations and expand choices for consumers. The revolution in design and product is beneficial to attract consumers and increase sales volume in the short run. Still, the transformation in positioning strategy can help Gucci stay in trends longer and keep its leading position in the luxury fashion area, which will achieve success in the long run.

Moreover, Gucci should balance new products and classic ones to reach more traditional consumers. Nowadays, Gucci's online or offline advertisements are often about trendy and new products, which can cause neglect on carry-over. In a recent interview, Gucci CEO Marco Bizzarri stated that the brand's objective was to strike a balance between 30% new products and 70% carry-over. "Having focused on millennials and Gen Z over the last few years, Gucci will have to reverse the trend to reach traditional customers with stronger purchasing power, who are in search of timeless products"[8]. The preference for classical products can rise to the level of value selection. When consumers are choosing products with traditional Italian style, they are choosing an elegant and gorgeous life. Thus, the old-fashioned products can be promoted to a wide range of consumers, maintaining Gucci's classic and noble brand image.

In addition, solving the problem of over-rejuvenation does not mean slowing down the pace of innovation. When pursuing a trendy design that is well received by the young generation, Gucci can create a new product with a bit of classical and typical elements of Gucci, like the double G logo and

green and red stripe. In this way, Gucci can emphasize its brand image with its long history and the pinnacle of craftsmanship.

4.2 Find new ways of digital marketing

4.2.1 Build online community

To begin with, Gucci can build an online community, developing consumers' sense of belonging and cultivating loyal customers. During the pandemic, it is expected that brands in different industries attach great importance to digital marketing, especially advertising on social media and platforms. Despite an initial falloff due to the Covid pandemic, digital advertising spending grew 12.2% year over year in 2020, according to a new report commissioned by the Interactive Advertising Bureau and conducted by PwC [9]. To stand out among the fierce competition, Gucci can build an online community to improve the effectiveness of digital marketing. According to Maslow's hierarchy of needs, "Love and Belonging" is at the third level. Maslow states that people seek to overcome feelings of loneliness and alienation by nurturing relationships[10]. People must feel liked and accepted by others to prevent loneliness, sadness, and anxiety. Involvement in other organizations, such as religious groups, sports teams, and other group activities, influences [11]. As a result, Gucci can build an online community on social media, where loyal consumers can share their buying experiences and share their daily lives and personal feelings. This means that Gucci's consumers are involved in a group, which contributes directly to consumer loyalty, which helps Gucci stand out among other brands in digital marketing.

4.2.2 Improve online service quality

In addition, in the process of digital transformation, Gucci has more and more products entering e-commerce. Because of the epidemic, Gucci has also begun to take the road of live broadcast, which will inevitably make it grounded. Therefore, Gucci also needs to use some methods to try to maintain its status and the posture of luxury goods. Customized and personalized services can be integrated into Gucci's digital marketing model. First of all, Gucci's online live broadcast can face a large group of concerns and develop a new one-to-one membership live broadcast to allow consumers with more needs to experience the exclusive services of luxury brands in more detail. Secondly, Gucci can also add more interactive experiences on various communication channels. Gucci can do an online test activity and distribute it on WeChat or Weibo through H5. The content can let people do online test questions to dig out their dressing preferences, habits, and finally help find the most suitable Gucci items that match their tonality and taste. Through this one-to-one model, people can feel Gucci's services and concerns about them in a more targeted manner.

Besides, because of the pandemic, brick-and-mortar stores have been negatively influenced, and fewer consumers can go to the offline store and experience high-quality service provided by Gucci. Thus, Gucci must develop online service quality. Online shopping often faces problems like stockout so that Gucci can improve the efficiency of the supply chain. The global scope of disruption in supply chains, along with humans' lack of experience with a pandemic, have put firms at a severe disadvantage in dealing with current supply chain problems[12]. During the epidemic period, it can also establish a good image in customers' hearts with high-quality supply chain services and increase communication with customers.

4.3 Some relevant suggestions, based on the current trend of luxury industry and consumer characteristics we investigated

Based on the situation and trend of the luxury industry mentioned above, as well as the characteristics of consumers, we offer some relevant suggestions:

For the millennial generation, who are Gucci's main consumers, we continue to design and launch relevant products with a young style to attract the young consumers. In addition, as the previous generation of consumers became more and more numerous, they also paid more attention to the sustainability of goods. Therefore, green marketing is also a trend that can be used to advertise and

promote. What's more, according to a survey, there are more male consumers than female consumers. Moreover, some luxury brands even set up male-only stores for men.

What's more, according to a survey, men prefer clothes with casual styles to clothes with formal styles. Therefore, we can target this male consumer for specific designs and place relevant ads on websites or apps. This segment of consumers frequently visit to, and the bloggers, who the consumers frequently visit, capture this male consumer.

In addition, second-hand and rental models are also a trend in the luxury industry. Instead of letting customers in need of second-hand products fall into the unofficial and fake markets, it is better to set up official second-hand sales channels to meet the needs of these people. Advertisements on Taobao or other apps or the form of live broadcast can be used to sell second-hand products for profit.

In terms of digital marketing, some popular digital technologies applied to luxury brands, such as Artificial Intelligence (AI), Immersive Technology (VR/AR) and 3D Printing, can be adopted to improve consumers' shopping experience attract customers. Some articles even pointed out that gamification of digital marketing can enhance the fun of shopping and attract customers.

The survey also showed that luxury consumers, "expensive luxury goods, not cheap luxury goods", prefer "uniqueness" and "customization". We can make some more expensive products with better quality according to their demand, which is based on Maslow's demand[11], and we can make the products very unique. It can even be made to order or limited edition. To meet their needs, to capture the majority of these luxury consumer groups. We can produce products in this area and put advertisements in this area is relevant channels. At the same time, the survey also showed that many people are buying luxury goods for their partners. Then, from the perspective of the demand in this aspect, we can design products specially purchased for lovers, launch lovers' style in relevant festivals, and even set up advertising slogans in non-related festivals, which can be sent to the other half of the advertisement, to capture the needs of this part of the crowd, Maslow's needs for companionship and belonging[11].

Moreover, the survey shows that accessories are the product category with the most significant proportion of luxury consumers buying. At the same time "shoes", "jacket and coat", "sunglasses," and "coat" are the products with the most significant proportion of luxury consumers buying accessories[7]. In the same way, we can also design products that they like and put advertisements in relevant channels—Target relevant ads in the right areas.

4.4 Recommendations for other pre-epidemic literature

Based on the suggestions of existing pre-epidemic articles, the following tips can also be used for reference. These strategies can be summarized as style positioning, competitive advantage, product mix, regional positioning, promotional activities, cooperative relations.

In terms of style positioning, the primary use of young, fashionable style. However, considering the preferences of old customers, the sub-product style is positioned in style favored by old customers. When advertising, old customers can advertise the products they like to the bloggers, websites, or apps they often browse. In terms of competitive advantages and the main style advantage of young, fashionable, but also differentiated competition. For example, develop and publicize high-quality Italian leather and other directions to determine competition. In terms of product portfolio and existing products, we can develop some new categories, such as jewelry and cosmetics, to increase sales routes and broaden potential consumers. However, while creating new types, it mainly invests in solid areas. In terms of regional positioning, we suggest increasing investment in large consumption areas to promote product sales. Then, in the promotional activities, appropriate to carry out some promotional activities, is conducive to improving the total sales of products. Finally, in terms of cooperation, seeking strategic collaboration with other brands is also conducive to improving its sales.

5. Conclusion

In conclusion, in the current post-epidemic era, the general trend of the entire luxury goods industry is moving in the direction of digitization, and the main consumer groups are gradually shifting to

millennials and Z-era people. After the epidemic outbreak, the entire luxury goods industry tends to be younger, Gucci's digital marketing model has drawbacks that need to be improved. Firstly, Gucci's marketing is too catering to the preferences of young people, making Gucci unable to take into account the original consumers of the old generation, and can not well maintain the high-end positioning and image of luxury goods; Secondly, Gucci's blind pursuit of young consumer dividends under the epidemic has also made it lack of sustained appeal. Gucci needs to think about how to become different when all luxury goods are following the same path.

Combining Gucci's characteristics and the impact on the overall environment, Gucci should generally balance classics and innovations in products and communication. In terms of marketing methods, it can cultivate consumers' sense of belonging through the establishment of online communities; strengthen personalization and customized services in digital marketing to maintain the style and value of the brand; improve the efficiency of the supply chain to ensure the quality of online services, and create green marketing, brand official second-hand lease services to create the uniqueness and difference of Gucci.

This is not only for Gucci to find a path suitable for its long-term development under the epidemic but also an inspiration for the entire luxury industry. Through the improvement of Gucci, all luxury brands need to gradually realize the importance of returning to classics, maintaining brand value, and creating brand uniqueness to ensure that the luxury goods industry, which has been dramatically affected by the epidemic, can steadily pick up.

This paper still has some limitations. After all, Gucci's consumer market is global so that the specific marketing model may vary slightly according to the characteristics of different regions. This paper mainly explains the significant directions that Gucci can improve in its marketing model. It may ignore the regionality, so in the future, we will focus on analyzing the situation in different regions to get more specific and detailed marketing methods.

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