

Research on the Consumer Behavior Characteristics and Digital Marketing Strategy of Gucci

Ruo Chen Wang*

University of Southampton, Southampton, SO17 1BJ, United Kingdom

* Corresponding Author Email: rw5a22@soton.ac.uk

Abstract. The arrival and end of COVID-19 accelerated the development of the global digital field. For the fashion industry, Gucci, as an established luxury brand, has captured the digital marketing trend and the consumer behavior, psychology, and pain points of young consumers in the digital era. Gucci's digital marketing strategy is mainly reflected in social software and social media. The brand uses well-known social media apps to increase product awareness and exposure. Then, Gucci leverages the "celebrity culture" of young, top-ranking celebrities in social media to endorse and promote its products to generate awareness of the product online quickly and consumer identification with the brand. Ultimately, the digital marketing broadcasting advantage improves the brand effect and performance and stimulates purchasing power. However, Gucci's digital strategy also has limitations, namely, digital marketing makes the brand neglect the importance of balancing "classic" and "trendy," as well as Gucci's excessive pursuit of "youthfulness" fashion symbols. Therefore, this article will take Gucci as a classic case to analyze how Gucci has used a digital marketing strategy to capture the psychological and behavioral characteristics of consumers in the brand, as well as the potential pitfalls of this strategy in the brand's operation.

Keywords: Gucci, Luxury Brand, Consumer Psychology, Digital Marketing Strategy.

1. Introduction

1.1. Research Background

Gucci was founded in 1921 by Guccio Gucci in Tuscany, Italy. Currently part of the Kering Group, Gucci is one of the world's leading luxury brands [1]. Gucci's creative design philosophy is dedicated to the artistic combination of mainstream fashion with social movements, schools of thought, or subcultures, making them vital to appealing to a wide range of generations of consumers. For example, the brand's garments for the Design 2020 exhibition incorporated feminist ideas, calling for freedom of choice and the need to protect female consumers' reproductive rights while emphasizing Gucci's "Greek" [2]. The blue neo-bourgeois blazer is embroidered with the slogan "My Body, My Choice," as seen in Figure 1.



Fig. 1 Gucci's blue neo-bourgeois blazer [2]

1.2. Literature Review

According to the Kering Group's global revenues by brand for the period 2020, Gucci's global revenues are 7,440.6 million euros, which far exceeds the other brands in the group and ranks as the group's number one in terms of sales [3]. Thus, the data suggests that consumers buy a product when it resonates with the ideology or social issues of the brand's target consumers. On the other hand, Gucci has captured such consumer behavioral traits to achieve the marketing objective of increasing market share and building a positive brand image.

However, the end of Covid-19 has led to the rapid development of global digital technology services [4]. Gucci, an established luxury brand, has balanced digital marketing services for the fashion industry while maintaining its unique and rarity style [5]. This strategy has enabled the brand to become close to consumers, making communication easy and the shopping experience smooth. Ong & King found that Gucci has adapted to the social media trend and knows how to use new media to boost brand sales and exposure, and then also details the specific digital areas in which Gucci has made a significant contribution [6, 7]. Schatzberg, on the other hand, found that if a brand is marketing a product design concept irrelevant to popular culture and audience, then the brand's sales strategy does not drive sales growth [8]. In contrast, most scholars have centered their research on how Gucci has used digital marketing strategies to drive sales rather than considering the impact of the audience's consumer psychology and behavior on the brand's marketing strategy.

1.3. Research Framework

Therefore, this research examines how Gucci is consumer-centric and uses digital marketing strategies to deepen customers' purchasing power and loyalty to the brand while capturing consumers' psychological and behavioral characteristics.

2. Case Description

Compared to other established luxury brands in the digital space, Gucci is arguably the leading fashion brand in its class. Firstly, Gucci redesigned its e-commerce website 2018 with new features covering in-store product functionality, hot product information, gift-wrapping functionality, and complimentary shipping and return policies [7]. This digital marketing strategy considers the characteristics of today's consumers living in a fast age. It saves the audience's time costs, thus opening up new sales avenues while improving shopping convenience.

Secondly, Gucci's approach to advertising and marketing has evolved with the times, i.e., from the original magazine and newspaper formats to digital media communications. Kastenzholz showed that 98% of affluent consumers use the Internet daily and want a sense of authenticity in digital media [9]. As a result, Gucci has pioneered and innovated in its display technology, bidding technology, targeting technology, and programmatic trading technology for its digital advertising content. In this way, the differentiation between offline and online brand viewing and the shopping experience is narrowed.

Therefore, Gucci takes consumers' characteristics and behavioral preferences as the core of its digital marketing strategy to achieve a comprehensive upgrade of the brand's digital technology to help the brand accurately grasp the consumer profile and complete the commercial purpose of driving sales.

3. Analysis of the problems

3.1. Analysis of Gucci's Consumer Behavioural Profiling and Digital Marketing Strategy: Gucci's Consumers and Social Media

Pinault, CEO of Kering Group, suggests that Generation Y (Born from 1976-1995) and Generation Z (Born from 1995-2009) account for 50% of Gucci's total sales and that they are Gucci's target

consumer segments [10]. Thus, this data suggests that Gucci needs to focus on these two generations of consumers when developing its marketing strategy program.

Smith found that both Generation Y and Generation Z were born in an era of digitalization and have grown up with technology [11]. This external environment has led to the gradual penetration of the “digital life” model into all areas of society and has influenced the innovation and development of industries. For example, it refers to the all-encompassing social media, efficient communication, omnichannel shopping, and diverse e-commerce platforms [12].

For Gucci, contemporary entertainment celebrities are one of the mainstays of the fashion and luxury brand’s marketing strategy. As shown in the data in Figure 2, as of May 2022, Gucci is located in second place in the list of the most popular luxury brands in the global social media, after the internationally renowned luxury brand Chanel [13].

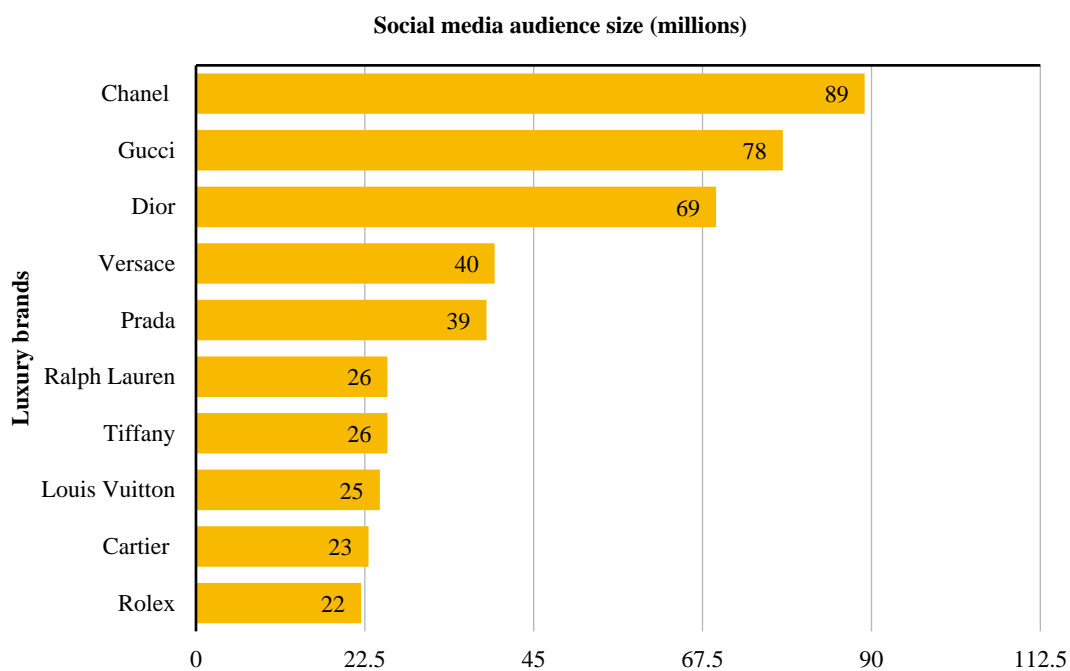


Fig. 2 The most popular luxury brands on social media worldwide in 2022 [13]

The reason is that Gucci’s chosen brand ambassadors are all celebrities, and the influence and spread of these celebrities in social media can promote the brand to enhance the visibility and exposure of the brand so as to achieve the purpose of promoting consumers to obtain the latest fashion information about the brand. In turn, the “celebrity effect” reflected in the “celebrity culture” can enhance the promotion of Gucci products while stimulating consumer purchasing power, i.e., fans out of love and admiration for idols and stimulate the “impulse consumption psychology.”

However, using social media star influence in digital marketing, Gucci is good at mining international influence stars as brand ambassadors. For example, Gucci’s official brand global ambassador in 2022, Han Lu, is a Chinese male star who started in a Korean boy band. Han Lu enjoys high popularity visibility in both China and Korea, with 38.23 million followers on Chinese Weibo and 9.5 million followers on foreign Instagram [14]. This marketing tool has clearly contributed to the brand in digital media promotion. The reason for this is twofold; firstly, the range of social software platforms in which stars with global characteristics are active is not just confined to their own country’s social software but can be expanded to be international. Furthermore, the fanbase of such stars also involves various countries. According to the data in Figure 3, after Han Lu became Gucci’s brand ambassador, the brand’s global revenue was 10,487 million euros, which outperforms Gucci’s performance over the past three years and puts the brand at the top of the Kering Group’s global revenue list for 2022 [3].

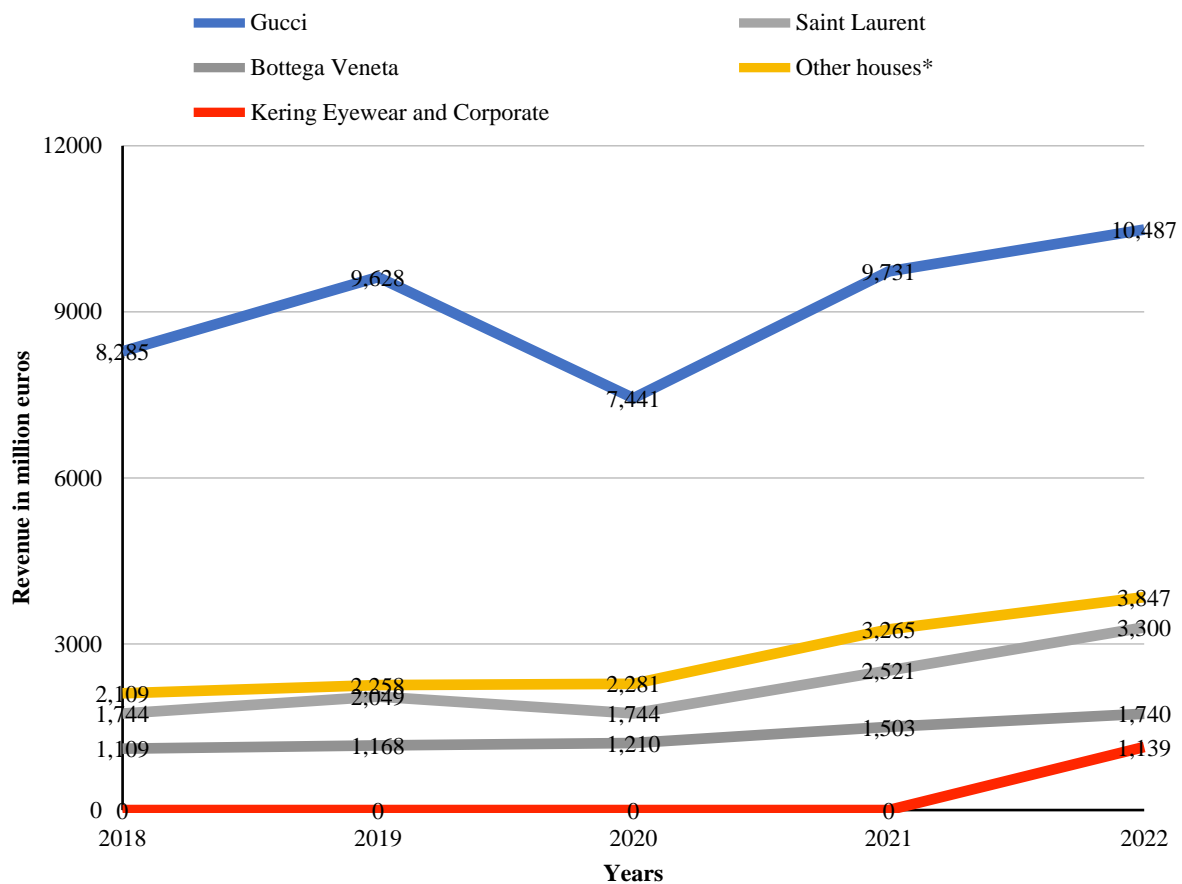


Fig. 3 Global revenue of the Kering group from 2018-2022, by brand [3]

Therefore, Gucci’s use of celebrity influence and “celebrity culture” in social media to capture the consumer psychology of its target groups (Generation Y & Generation Z) is remarkable.

3.2. Problems with Gucci’s Digital Marketing Strategy: Celebrity & Social Media

When Gucci enjoys the digital dividends brought by the convenience of communication, high interaction, and high readability of social media, although it satisfies the consumer psychology and consumer behavior of Generation Y and Generation Z, it also causes the brand to lose its brand tonality as a luxury brand. The reason for this is that the use of social media nowadays occupies a central part of fashion marketing, and Generation Y and Generation Z, as “digital natives” and representatives of “trendiness,” indirectly lead to the gradual “trendiness” of Gucci’s product design and promotion. This indirectly leads to Gucci becoming more “trendy” in product design and promotion rather than maintaining a luxury brand’s “classic” qualities. This reduces Gucci’s image and credibility as a luxury brand and the likelihood of consumers purchasing classic products. This phenomenon could lead to losing consumers looking for “slow fashion” products.

The data in Figure 4 shows the share of women’s Loafer as a “trendy” item in different luxury brands [15]. Gucci has a trend-oriented product share of 49% compared to its competitors, which is almost the same as the brand’s share of classics. This clearly contradicts Gucci’s corporate executive Macro Bizzarri’s statement in an interview that “Gucci’s goal is to achieve a mix of 30% trends and 70% classics” [15].

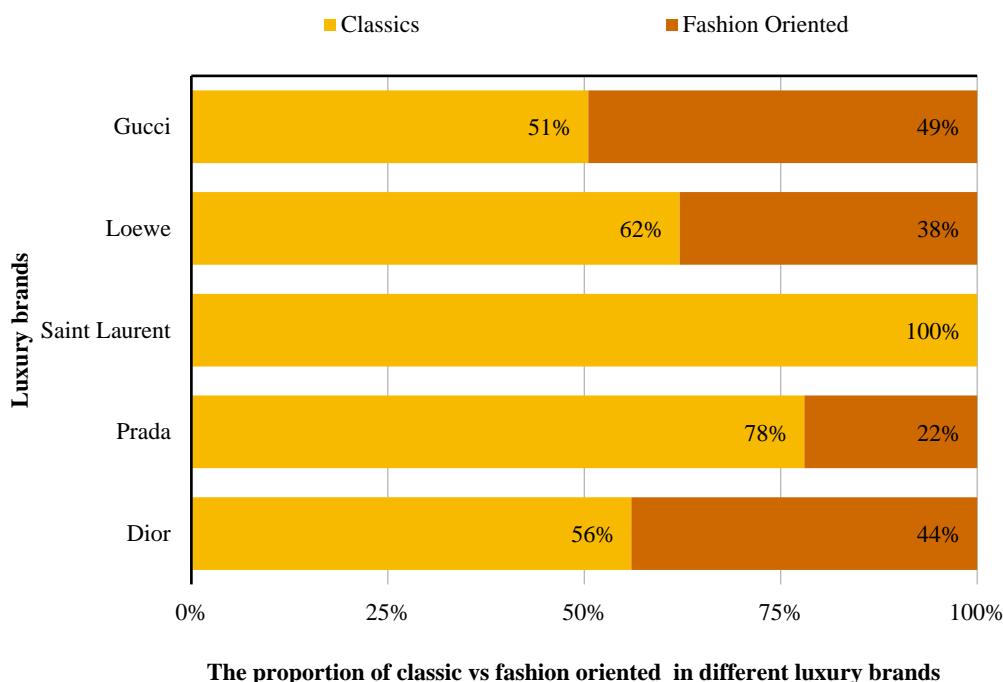


Fig. 4 The percentage of Loafer’s classic and fashion oriented in different luxury brands [15]

Secondly, Gucci’s choice of ambassadors for its global advertising campaigns is based on “youthful” and “trendy” celebrities. For example, most of Gucci’s global ambassadors 2023 will be young, top-trend idol stars such as Han Lu, Zhan Xiao, Hanni, Kai, etc., rather than mature, stable, and robust stars [16]. When brands utilize the influence of celebrity effects in social media to gain more audience attention, it subsequently attracts a younger consumer group (20-30 years old) that matches the young idol stars. As a result, this can lead to misleading advertising campaigns for the brand, i.e., more of Gucci’s merchandise is created for a younger customer base. This caused Gucci to segregate the non-young group of customers and narrow the brand’s potential for growth in the future.

As a result, Gucci needs to strike a sensible balance between classic and trendy while maintaining the digital dividend that social media has brought to the brand.

4. Suggestions

4.1. Distinguish between “Classic” and “Trendy” in Gucci

While making extensive use of social media to increase brand sales share, well-known fashion luxury brands also need to pay attention to maintaining the tone of “high value,” “rarity,” and “classic” as a luxury brand to avoid diluting their brand [17]. For Gucci, its over-emphasis on its digital marketing strategy model will prioritize its consumers, such as Generation Y and Generation Z, who are highly active in social media and will take their aesthetic attitude and trends as the reference core of brand design. In order to continue to echo today’s era of digital media marketing strategies and maintain Gucci as a “slow fashion” luxury brand among the “classic” fashion, the brand can make a clear regional division between typical products and trendy products in brand design. For example, Beijing SKP (a well-known high-end luxury shopping mall in Beijing, China) opened SKP-S in 2019. It is a young middle-class shopping mall with “trend,” “digital,” “futuristic,” and “technological sense” as the main concepts. SKP continues to sell classic products from different fashion brands. Then, as shown in Figure 5, Gucci’s commodity display and clothing selection types in SKP-S are consistent with the theme concept of the mall, that is, to meet the consumption pain points of Generation Y and Generation Z consumers and their pursuit of avant-garde and trendy fashion psychology.



Fig. 5 Gucci in Beijing SKP and SKP-S difference [17]

Therefore, this “differentiated” marketing strategy can subdivide the product categories in the brand, thus providing a clear shopping orientation for consumers of different ages and identities while showing the characteristics of brand diversification. In turn, this strategy can also help Gucci reasonably balance the proportion of classic and fashion products in the brand.

However, the marketing strategy that clearly distinguishes between classic and trendy products in the brand exists only in two offline stores, SKP and SKP-S. However, Gucci can apply this business strategy to its digital marketing strategy. For example, brands can also implement “differentiated” marketing strategies for their online official websites, creating two distinct styles of official websites that are “classic” and “trendy and futuristic.” This can help the brand explore the market further, meet the aesthetic needs of different consumer preferences, and strengthen the personalized style of the brand. At the same time, the “differentiated” strategy of the official website can also help Gucci to correct the proportion of two different oriented products, classic and trend, because marketers need to meet the number of goods on the official website.

4.2. Avoiding over-reliance on “youthfulness”

Although Gucci has obtained significant figures on the effectiveness of the brand’s “youthful” marketing symbols, i.e., the influence of celebrities in the media and social media, as well as the use of young-looking iconic celebrities to generate traffic for the brand, this digital marketing tool is more about attracting young consumers (20-30 years old) who are matched with it. However, the 20-30-year-olds are mainly made up of college students who do not have access to their income streams, as well as those starting in the workforce with an average salary. These people’s luxury spending power mainly comes from scholarships, part-time income, and parental assistance. As a result, these consumers are trend-setters who rely on the internet and entertainment media for emotional value and decision-making power. But they are unstable. These instabilities stem from a weak personal economic level and dependence on financial assistance from others.

Therefore, for the future development of Gucci, the brand can accommodate the new era of trendy advertising design concepts and technological pages in its digital advertising push. However, the brand should avoid relying too much on “youthful” symbols in its digital ads to express its products. For example, Gucci can employ ambassadors of different age groups or social roles to promote its products. This approach shows the brand’s tolerance of varying fashion consumers and demonstrates the many possibilities of Gucci and its personalized service as a luxury brand.

5. Conclusion

5.1. Key Findings

In conclusion, this thesis analyses the behavioural characteristics of Gucci's target consumers and their consumption psychology, as well as how the brand has mastered the characteristics of consumers and applied them to its digital marketing strategy. It is found that Gucci nowadays tends to be "young" and "trendy" in product design and marketing promotion mode. This is due to the fact that 50 percent of Gucci's customers are Generation Y and Generation Z. These two generations of consumers are characterised by their youth, catching up with fashion and culture, and are at the forefront of the digital age. So, Gucci in order to narrow the distance from the "Young Tech Savvy" consumers, began to research and design products to meet the aesthetic standards of young people, that is, to put down the high-end atmosphere of the "classic" image, but from punk, street, hip-hop and other young people are keen on avant-garde trend concepts to draw design inspiration. In order to bring these fashion elements to the attention of more young consumers, the brand makes extensive use of social software (Weibo, Instagram) to promote its products, thereby increasing the brand's exposure and popularity. Then, Gucci is good at using the stars in digital media as the fashion influencers of the brand, through the "star effect" and "fan effect" to increase the young audience's brand identity to achieve the marketing purpose of improving performance and triggering the audience's "impulse consumption" psychology.

5.2. Research Significance

When Gucci obtains the dividend of the "young" consumption boom brought about by digital marketing, it should also pay attention to avoid making the brand too "young." Gucci needs to conduct a deep analysis and mining of consumers of all ages rather than only focusing on a specific consumer group. To strike a reasonable balance between classic and trend, to avoid the risk of Gucci losing loyal customers of other age groups, and to maintain the tone of a luxury brand.

5.3. Limitation and Future Study

However, this essay also has some limitations; the data used are secondary rather than primary. This creates a bottleneck in the analysis of Gucci's consumer characteristics. Therefore, the reliability and accuracy of analyzing a specific group's behavioral and psychological characteristics can be increased through questionnaires, interviews, or ethnography in future studies. Finally, to achieve the purpose of a comprehensive analysis of consumers in the brand and their digital marketing strategy.

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