

# Gucci Handbags

## Their brand equity sources revealed

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What are the brand equity sources of Gucci's handbags? The world has been wondering, and through some research and evaluations five students have uncovered this great mystery. Just like the cast from the Big Bang Theory, these students have blown our mind with their intelligent insights and observations. Take a seat back and enjoy while they take us through the process of their findings.

**W**e are going to take you through our process of understanding how consumers see Gucci handbags in their minds, and how Gucci differentiates itself from its competitors. These will prove to be the brand equity sources we will find in our end results. To find those results, however, we needed to first take some steps into the wonderful world of research and knowledge. We found background on Gucci, focused more on a specific product, compiled some secondary research, created and implemented some primary research techniques and then came up with our conclusions.

### *A Simplified Version of Our Findings*

Once we decided to focus on handbags we did some primary research to understand how consumers view Gucci. Through the ZMET test we were able to find consumers' judgements, resonance, and feelings of the brand, and through the brand consensus map we found the imagery, performance, and salience of the brand. Secondary research, showed us that Gucci thinks its consumers see the handbags as of good quality, traditional, and unique. We compiled this information and placed it in the CBBE pyramid to find



Gucci handbags sources of equity. We found that consumers have a strong sense of imagery, judgement, and feelings as seen on Table 2. We came to the conclusion that the primary and secondary research matched up well, but that Gucci is trying to enforce some ideals (tradition) that aren't in the consumers mind set. We would look further into this and see what Gucci could be doing better, how, and if they would need to change their approach to the consumers.

### *The Whole Process to Find The Answers*

#### Our Focus:

We decided to focus on a single product Gucci produces. We found that this would be beneficial because Gucci had such a large product scope including a clothing line, accessories, handbags, shoes, and jewelry. We took a vote and decided that Gucci handbags would be a fun topic and beneficial one to focus on for two reasons. First, Gucci is known globally for its leather goods. Second, because Gucci handbags were something that we knew our primary research respondents would be able to relate to or talk about as opposed to Gucci belts or Gucci's fashion line.

## Secondary Research:

The next step to finding some more sources of brand equity was to do some secondary research to find information about things our primary research didn't quite hit. We wanted to look at Gucci's competition in the handbag industry to show how Gucci differentiates itself for the consumers. We also wanted to look at some more secondary research that represents how Gucci thinks it's consumers see its handbag line. Finding more information through secondary research will help us fulfill the



levels of the CBBE pyramid and show us more sources of brand equity for Gucci handbags.

### COMPETITION.

Competition is necessary for the industry to grow. Gucci has a wide variety of competitors because the handbag industry is so prevalent today. According to the New York Times, “In the past two years, Gucci has managed to maintain and even increase its brand equity in a very competitive and fickle industry,” said Patrick Dodd,

Nielsen's president of Europe in a statement” (Forden).

The competitors in the handbag industry that Gucci most closely aligns with include Coach Incorporated, Louis Vuitton Moet Hennessy, and Burberry Group (Outlaw). The external competitor that we chose to focus on for the purpose of our project was Louis Vuitton Moet Hennessy. LVMH is a luxury goods company located in Paris, France that includes brands such as Donna Karan, Givenchy, and Louis Vuitton. LVUS is the United States branch of LVMH. Specifically, Gucci competes with the Louis Vuitton brand in the area of handbags. As previously noted, both brands are European based and specialize in superior leather goods.

LVMH and PPR, Gucci's parent company, each hold less than 1% overall handbag market share (Outlaw). This, and all other data for competition we found can be located in the Appendix A.

Though not as obvious, Gucci also competes internally with PPR, its French retail parent company, which is one of the world's largest luxury groups. Gucci Group holds a 99% stake in PPR, but is still in competition with the other luxury brands included in PPR. Alexander

McQueen, Stella McCartney, and Yves Saint Laurent are just a few of the brands that PPR encompasses (“PPR SA Snapshot”). Because all of these brands are owned by PPR, they all share a similar brand image making it hard to distinguish the differences amongst Gucci and the other brands.

### GUCCI

Being one of the most *renowned* brands in the world, Gucci has an established consumer base which gives it an advantage over its main competitors in the handbags industry. Gucci is one of the top Made in Italy brands and owes much to its popularity on that. “Italian fashion has become the definition of luxury fashion”, and any company that is part of that global brand is bound to have success (The Excellence, 2012).

In the minds of its consumers, Gucci believes to be viewed as the *best and most unique* out of all Made in Italy brands.

They are the only ones to draw inspiration from the equestrian world, have an active social media strategy, and promote Tuscan artisanship. In recent years, following its steep rise to the top of the luxury world, Gucci has been “trying to stay connected with its customers

and not be seen as strictly high class and unreachable for the average people” (Balwani, 2009). Through its quality, uniqueness, and down-to-earth attitude, they want to be perceived as the high-class luxury brand that everybody wants to be a part of.

Historically, Gucci's current brand equity is based on their high quality, tradition, and unique design; but through their recent social media strategy, they have added a new dimension to it. The brand's quality is known to be of the Made in Italy class, the highest possible in the fashion world. With “an unmatched sense of design and style“ Made in Italy has been dominating the fashion world for decades (The Excellence, 2012). “Made in Italy means the marriage of masterful design and artisan technique. It means superior quality” (The Excellence).

Gucci is world-renowned for its *impeccable* Italian craftsmanship and its unique blend of luxury heritage and fashion authority. Established in Florence in 1921, its iconic Made in Italy style has become synonymous with “elegance, sophistication and desirability” (Gucci, 2012). Made in Italy is an integral part of the essence of Gucci and goes

beyond being a mere slogan. It is a cultural approach, a know-how that took generations to build, and a genuine mission that has allowed Gucci to become one of the world's most desirable luxury fashion brands. Today, Gucci's Made in Italy production coupled with a strong social responsibility towards its employees ensures that 100%



of its leather goods, shoes and ready to wear are still produced in its Florence workshops, employing over 45,000 people in Italy alone, in addition to Gucci's own employees (Gucci, 2012). “This handcrafted legacy passed down through generations of artisan families, continues to be an immense source of pride for Gucci and has made a huge contribution to its position as a worldwide leader in the luxury business” (Gucci, 2012).

Gucci is also famous for the *quality of its leather*. From the use of python, to alligator, their handbags are ensured to be very

durable. Gucci even has its own alligator farm where the animals are raised with great care and the quality of the skin is unmatched. Above all else, Tuscany in Italy is famous for its leather work and the best leather artisans in the world work there. Gucci has benefited from that greatly as it tries to stay connected with its local roots.

The brand has a lot of pride in its tradition. Its current campaign, Forever Now, is aiming to reintroduce the icons that built its equity in the past. The re-introduction of the “iconic metal horsebit, the hardware that has inspired a legacy,” and the use of Charlotte Casiraghi, the granddaughter of Gucci's most famous celebrity endorser, Grace Kelly, are a “testament to the equestrian imagery that has embraced Gucci designs across generations” (Horsebit, 2012). Through the years, Gucci has stayed connected with the equestrian

world and since 2009 they have been organizing a Gucci Masters event for horse racing in Europe.

The company's *unique design* is also a big part of their equity. Gucci has many distinct aspects of their handbags, such as the Gucci print and the green-red-green strap. These brand elements make the products immediately recognizable to consumers. "Their distinguished equestrian style products, described above, make them recognizable for everyone" (Writer, 2012). Celebrity-named products, like the Jackie-O named after Jackie Kennedy, have built the Gucci brand on even further.

Since the stepping in of Frida Giannini as a Creative Director in 2007, Gucci has also become

more customer-friendly. A strong social media push through Twitter, Facebook and YouTube have made the company more aware of consumer thoughts and feelings towards the brand (Barker, 2012). Furthermore, their promotions of runway shows and random cocktails make the brand much more approachable than their competitors. They have even created a special Gucci fan club page and a special blog. To cap things off, the opening of the Gucci Museo in the beginning of 2012 in the center of Florence has strengthened the connection of Gucci to its customers.

Gucci's target market "has primarily included celebrities, the wealthy, fashionistas, and the upper class. The target

audience has now been expanded to include middle and upper-middle class women who otherwise would not have been able to afford the high-end brand. Their current customers are targeted, as well as new potential customers" (Veronica, 2008). Gucci is a high luxury brand and it is synonymous with high class. In the past two decades, Gucci has regained its place as the most renowned brand for luxury handbags and people that buy them to show off their status. With their strong social strategy, they have established a stronger and more loyal fan-base that believe in Gucci and are proud of being a part of it.

### Primary Research Techniques:

Our first step was to do some primary research to find out what is in the consumers' minds. We decided to conduct five ZMET studies and completed free associations with the Gucci brand to conduct a brand concept map test as well as obtain some consumers' free associations and build a brand consensus map. Through some secondary research we conducted ahead of time, we

found that Gucci handbags already had a significant amount of market share and were quite recognizable as a brand. The ZMET tests would allow us to determine if Gucci has achieved resonance as a brand, while the brand concept map would determine the recognition and imagery, and get us close to being able to decide if Gucci has achieved resonance in their brand.

### ZMET

The ZMET study portion required each of our team members to conduct one study with someone they knew who was a female. The participant was asked to either look through pictures in a magazine or look up pictures on the internet and select ones that they felt related to Gucci handbags. We conducted about seven steps of the ZMET, as we did not have

time or resources to conduct the entire study in depth. For our complete ZMET study, see appendix B.

The ZMET showed us some of the feelings, judgments, and imagery that consumers have about Gucci handbags. Overall, Gucci handbags in our ZMET studies were able to elicit feelings of sexiness and judgements of high status. On top of this, Gucci has created a sexy, high fashion image in the mind of consumers. Through this study, we were able to conclude that Gucci has achieved the feeling, judgement, imagery, and resonance sections of the pyramid.

### FREE ASSOCIATIONS

Through the free associations and the brand consensus map, we were able to further investigate how people feel about the Gucci handbags and if this is consistent with what Gucci presents itself as through it's handbag line. We conducted about 13 free associations and chose the most popular ten. From there, the same 13 people constructed brand concept maps and we reached a consensus map as seen in table 1. For a full description of our findings, see appendix B. Some of the stronger associations that consumers have with Gucci are expensive, high

Gucci Handbags Brand Consensus map

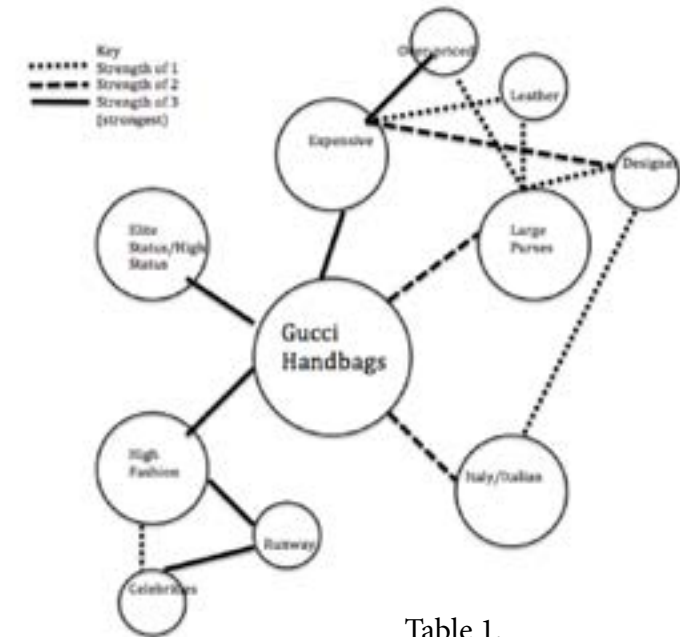


Table 1.

end, high fashion, and Italian. These findings were able to show us that the Gucci brand has achieved salience, judgement, performance, imagery, and feelings.

### LIMITATIONS

As with all studies, we unfortunately came in contact with limitations to our research. The most prominent limitation was that we are college students and most of us do not have easy access to people who are customers of Gucci, especially Gucci handbags. As a result, our qualitative research participants probably feel that the Gucci brand is more luxurious and unattainable than actual customers may feel about the

brand. Another limitation to our research was money. Since we are not experienced or trained in this area, it would have been ideal to hire a professional to conduct our studies. This obviously would have been quite expensive and unreasonable for college students to afford for a class project. One last limitation was time. Conducting a full ZMET with hundreds of participants would have been the most thorough, but we did not have the time or resources for that. Because of these limitations, our results cannot be expected to be perfect, but we completed them the best we could given our situation and believe that our findings are useful.

## Gucci's Brand Equity Sources

In 2008, Gucci was named “the most coveted designer brand in the world.” Gucci differentiates its brand in the minds of its consumers through its high quality offerings that stay true to Gucci’s core values and equestrian roots. The brand can be evaluated using Keller’s customer-based brand building blocks.

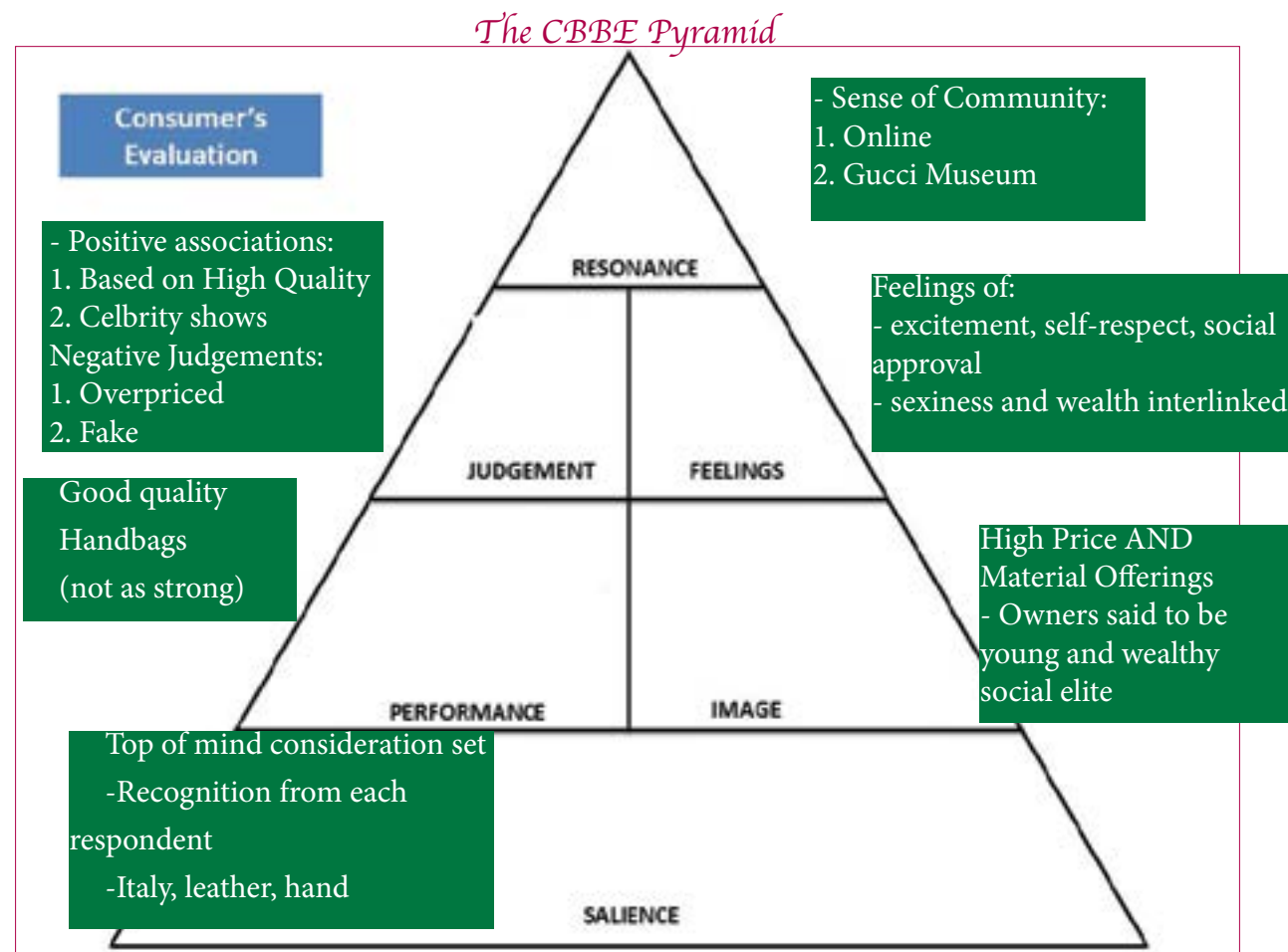


Table 2.

### SALIENCE

In our primary and secondary research, we found that Gucci handbags was a top of mind brand in the consideration set for high fashion leather handbags. We found that the words “Italy” and “leather”, were the most common associations with the brand. Other common associations we found, such as “elite social status,” “wealth,”

and “expensive” embodied the social and ego needs of Gucci’s customers. Customer’s ability to recall and recognize the brand can be attributed to Gucci brand elements such as the Gucci logo and iconic handbag designs.

### PERFORMANCE

Gucci uses durable leather materials used in its handbags such as python or alligator. Gucci even has its own alligator

farm to ensure quality control. In addition, associations with the brand’s Italian roots help to strengthen the brand equity. For decades, Italy has been known to be at the forefront of fashion trends. Gucci’s associations with its Italian heritage have enabled the brand to uniquely position itself as a high fashion leader. The style of Gucci’s handbags stay true to this association and

strengthen the company’s brand equity, setting itself apart as the only fashion company to draw its inspiration from the equestrian world.

However, with our primary research we found this area to be the least touched on through their associations. A lot of our participants touched on their feelings and judgements about the brand as opposed to its actual performance.

### IMAGE

In our brand concept map, we found that some of Gucci’s most common brand associations were related to its high price structure and material offerings. Three responses also noted the elite social status that is portrayed through the brand’s personality. One of Gucci’s top competitors in the handbag market, Louis Vuitton, was only mentioned once in our primary research, suggesting that Gucci’s image is vastly differentiated from its competition. Gucci handbags were also associated with the young and wealthy social elite.

### JUDGEMENT

In our research, we found that participants would consider purchasing a Gucci handbag, because they believed that the brand was superior to others. Some credibility is given to the

brand from celebrity endorsers and positive associations to hit television shows like Laguna Beach and America’s Next Top Model. Positive judgments are also based on brand knowledge of Gucci’s high quality leather. On the other hand, some people had judgments that the brand was “overpriced,” not a good value, and that the brand personality was somewhat unlikeable for being material and “fake.”

### FEELINGS

We found that feelings of excitement, self-respect, and social approval were most common in Gucci’s brand. In our primary research, we found that some people viewed sexiness and wealth to be interlinked, suggesting feelings of excitement in being apart of the social elite.

### RESONANCE

Gucci has been able to achieve resonance through building a strong sense of community driven by a desire to be apart of the social elite. The company’s select distribution channels and high pricing points drive the exclusivity of the brand and its following. Gucci has created a sense of community by introducing the Gucci museum in Florence, Italy. In addition, dozens of consumer blogs host

an online community of Gucci lovers. Nearly 9.4 million people follow Gucci on Facebook. This strong loyalty and attachment for the brand has paved the way for Gucci to be recognized as the most coveted designer brand in the world.

### *Conclusion*

With the primary research we found and the secondary research we found, we were able to conclude the brand equity sources for Gucci handbags in the minds of the consumer. It should be noted that our secondary research actually matched up quite well with our primary research. There are some things that the company is trying to build in the consumers’ minds that consumers didn’t mention or think of when associated with Gucci such as the importance of “Made in Italy” or the types of handbag materials they have branched out to. Their museum is also something that seems our volunteers were unaware of. All together, Gucci achieves all levels of the brand equity pyramid in consumers’ minds, and that is why we feel they have built a successful path to becoming a unique and differentiated player in consumers’ minds.