

Doing a Gucci

MANAGEMENT DECISIONS

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Gucci's Decision

How do you transform a firm that's near bankruptcy into a global powerhouse? This can seem to be too good to be true, but the answer is: by "doing a Gucci". The expression was coined by fashion insiders after Tom Ford had successfully and dramatically transformed the near bankrupt Italian firm to become one of the most valuable fashion brands in the world. The question is how Ford did it. Did he go back to their roots in a real Italian, Gucci-spirit and remain an exclusive and classic brand? Or did he expand their target audience, thereby generating a huge volume of sales? Or did he scan the current trends and redefined Gucci's image accordingly?

Already before Tom Ford's promotion to creative director, there was a heated debate inside the Gucci house whether Gucci should remain a classic brand or move toward becoming a more modern, fashion-oriented brand. However, the decision was made by the then CEO of Gucci and Tom Ford to twist the brand into becoming the latter. The CEO stated:

There wasn't much money for advertising, so we decided to sink what we had into fashion, which is a highly publicized business. We could piggyback the Gucci name on to the coverage of the fashion shows. Somehow we had to send out the message that a new Gucci was being born. We had to make the brand fly!

The Birth of a New Gucci

Tom Ford has stated that the firm was in such bad shape that he was "left with a completely open door" and given total freedom of the design. First and foremost, he began to think of a new overall design in order to redefine Gucci's image. At the same time, he started to acknowledge the ever-changing attitude women had for fashion and realized the importance of understanding and predicting these changes of attitude. To be able to reshape Gucci, and redefine its customer persona, Ford stated that he constantly thought about the following questions:

- Who is the girl wearing this outfit?
- What does she do?
- Where is she going?

Moreover, Ford had realized that the fashion industry was under seismic changes and was more than ever dominated by American culture. This was a result of the superiority the film and entertainment industries located in Los Angeles had in the world. Hence, Ford anticipated that, all over the world, women's attitudes would be marked by this 'Los Angeles-ization' orientation. As so happens, Tom Ford loved Los Angeles. Having lived there, Tom Ford experienced first-hand the attitude of the women of Los Angeles. He found their attitude liberating and very commercially promising, and he also saw a great beauty in the gaudiness and tackiness of Los

Angeles' current style. He has stated in an interview the following:

Los Angeles is on the edge of vulgarity and I love that... It is tacky and gaudy but I love that... There is a great beauty in tacky and gaudy.

Even if the fashion in Los Angeles influenced trends all over the world, the style clearly had negative connotations in regard to high-end fashion. However, even if it was a huge risk, Ford was confident that he could create a successful collection.

Gucci's Ready-to-wear Collections 1994-1995

Tom Ford made the decision that Gucci should redefine its overall image, with the new being influenced by the popular and modern American culture, focusing specifically on Los Angeles. He began to design clothes influenced by the "tacky and gaudy" trend of Los Angeles style with provocative cut-outs which revealed a lot of naked skin. Likewise, he also took a completely new turn when it came to Gucci's campaigns and made them more provocative and controversial with a high sex appeal to incite seduction, desire and fantasy. Gucci presented the results in its new ready-to-wear collection that was launched first in 1994 and ongoing in 1995. Simultaneously, Gucci launched advertising displaying the new collection in a similar provocative manner.

The collection and associated advertising received a lot of criticism in the media and Gucci's redesign was not appreciated by all. The Advertising Standards Authority even filed a lot of complaints aimed at the commercial for it being too provocative in a sexual manner. Tom Ford was even called out as being the greatest provocateur of the time. However, it was still proven to be a huge success in the sense that sales were boosting and there was a lot of buzz created around Gucci. Within the industry, Ford was explained to have a "million-dollar fashion sense", and some said:

He takes an LA salesgirl's look, refines the lines, whips it up in Italian silk, puts it on Kate Moss, adds a pair of stilettos and – voilà! – a collection is born.

Thanks to Tom Ford's initiative, Gucci became a sexy brand appealing to a huge public. Due to the success of the collections and Ford's ability to effectively mix elements of pop culture, other designers and previous time periods, Tom Ford was considered a star and his work is reflected within Gucci until this day.

Aftermath

After the successful ready-to-wear campaign in 1994, Ford renegotiated his position at Gucci. The outcome of this was that Ford not only was given total freedom of the clothing design but was also given the opportunity to set the tone for the entire company. This included Gucci's identity, image, and its advertising strategy, as well as everything else that was dependent on creativity.

When comparing the first half of 1994 to the first half in 1995, Gucci's sales increased with 87,1 percent. By the end of 1995, the firm surpassed 500 million dollar and 83 million dollars of it being the profit, which was a record. Not only was the success confirmed on the balance sheet, but Tom Ford, for Gucci, also received the prestigious International Award by the Council of Fashion Designers of America (CFDA). The upcoming years, Tom Ford continued to release successful clothing collections in the same spirit, but even more provocatively as before, and Gucci's number continued to increase. In 1997, Gucci reported a revenue of 975 million dollars and a net profit of 176 million dollars. The following year, the sales exceeded 1 billion dollars. In just five years, Tom Ford had managed to turn a company with millions of dollars of losses into a blooming, money-making powerhouse.

The Correct Option

As this management decision has clarified, Tom Ford decided to take a huge risk by totally redefining Gucci's overall image and following the identity. By the influence of the "tacky and gaudy" style of Los Angeles, he created a more sexualized and provocative image, alluding to desire, seduction, and fantasy. Even if Ford redesigned into a more modern style that followed the current trends, Gucci kept its limited stores and products. Thus, Gucci continued appealing to the more high-end customer and remaining an exclusive brand.

As probably has been realized by now, the management decision in the "Doing a Gucci"-case, is Option 3:

Gucci should position themselves as an Exclusive brand with a Modern style. The combination of an exclusive and modern positioning refers to an expensive price-range, luxury goods for the upper-class with a modern twist, innovative designs and with current trends at the forefront.