

## **Doing a Gucci**

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### **TEACHING NOTES**

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The authors prepared this case solely as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. Although based on real events and despite occasional references to actual companies, this case is fictitious and any resemblance to actual persons or entities is coincidental.

# Teaching Plan

The purpose of this teaching plan is to be a comprehensive guide for instructors of the “Doing a Gucci” case to successfully implement it for study purposes. It also aims at being an assistance and a preparation tool for instructors with recommendations on how to implement the case, what to discuss and how to structure it. Hence, the teaching plan will help to complete the case effectively and successfully as well as to create an engaging experience for the participants to discuss the case according to the defined learning objectives. Moreover, a comprehensive description of Option 1,2 and 3 will be presented to provide the instructor with arguments that inform why even the “incorrect” options, meaning the options that were not the managerial decision in the end, have great value.

## Case Synopsis

Gucci is arguably one of the world’s most recognizable fashion houses, with a rich history throughout the 1900s, all the way up to the present day. Known for their exclusive Italian leather products, Gucci became a go-to brand for the rich and famous, movie stars and even royalty. But the history of Gucci is a dramatic one, with many scandals, twists and turns, and resulting in major changes to the organisation. The case tackles perhaps one of the most monumental challenges Gucci has had to face, set in the 1990s. On the brink of bankruptcy in 1994, Tom Ford is promoted to creative director and tasked with outlining Gucci’s future positioning. He chooses between three different alternatives, to remain an exclusive brand with a classic style, to become a more accessible brand with a classic style, or to remain an exclusive brand but adopt a modern style. The rich history of Gucci holds several clues to the answer, as well as the plethora of other luxury fashion competitors and how they tackle the 1990s, or “the golden era of fashion”.

## Learning Objectives

The learning objectives in this case cover several topics with possible learning objectives. Brand identity, in particular positioning, brand heritage and brand reputation are, however, most central to the Gucci case. The case and discussion should be led in a way that supports the understanding and usage of the following frameworks and concepts.

### Brand Identity

One of the main learning objectives to take from this case is understanding and implementing several elements of brand identity. A comprehensive, yet concise, overview of the elements that constitute a brand's identity are detailed in Mats Urde’s (2013) Brand Identity Matrix, see Exhibit 1. The Brand Identity Matrix is a framework consisting of nine elements, encompassing the entirety of a corporate brand’s identity

(Urde, 2013). These nine elements are *value proposition, relationships, positioning, expression, brand core, personality, mission & vision, culture and competences* (see Figure 1). Because the Gucci case rather explicitly concerns the positioning of the brand, and the future of the brand, elements such as *positioning* are obviously very important to examine. This element defines how the corporate brand should be positioned in the chosen market, as well as in the minds of customers and other stakeholders (Urde, 2013). Because of the importance of this element, position is presented through another, more extensive framework in the subheading “Positioning”.

Additionally, elements like *mission and vision* also come into play because Tom Ford’s change in positioning might alter the vision of the brand. Gucci’s designs also signal their vision of the future, specifically in trends and fashion. A classically positioned brand might not care much for trends, and thus not be included in their vision to lead the fashion industry into the future, and vice versa. Furthermore, because the brand is in the luxury fashion industry is so tightly connected with design, *expression* might also be valuable to discuss. Especially if someone considers the change to the positioning and design is so extensive that iconic assets are also changed, or new signatures created as a result of a changed direction in design. In the Brand Identity Matrix, *mission & vision* and *position* are also linked diagonally through the *brand core*, and this emphasises the need for these elements to be aligned (Urde, 2013). Lastly, concerning the *brand core*, it can be considered if it is suitable to nudge the *brand core* as a result of Gucci’s repositioning.

## Positioning

To examine the three alternatives presented in the Gucci case it is advisable to examine Gucci and its competitors positioning. Additionally, it is suggested to spend some extra time on position as a part of the “Brand Identity”. To examine positioning more thoroughly the Positioning Diamond (Kapferer, 2012) can be a useful tool, see Exhibit 2.

Created by Kapferer (2012), the Positioning Diamond examines four questions about the brand and its environment. *The brand for what benefit?* This question should answer what consumer benefits the brand can fulfil as well as the brand promise. *The brand why?* This should answer the brand claims that support the consumer benefits. *The brand against whom?* This question should answer who the main competitors are. *The brand for whom?* This question should not only answer who the target consumer is but also the nature of that potential consumer and what defines them. Here sociological and psychological factors can come into play (Kapferer, 2012).

It is evident from the case resolution that Gucci drastically changed elements of their positioning. But without knowing the resolution, understanding the basics of positioning can still guide participants as to what the problems for Gucci at the state of bankruptcy might be. By examining the questions from Kapferer’s (2012) diamond, it will showcase the contrasts between Gucci’s pre-bankruptcy strategy and the current state of fashion. Does Gucci for example have a reason to believe? Is that reason accurately portrayed? And who should the brand be for? Knowing the current landscape of fashion, celebrities and consumer preferences the positioning diamond

can guide participants to select the appropriate suggestion by contrasting the positioning of Gucci and the brands competitors.

## Brand Heritage

A further key learning from the case is connected to brand heritage. Gucci is clearly a brand with a long heritage and rich history: Italian, family company passed down through several generations, hand-crafted quality leather products, style, et cetera. What is particularly interesting about this case is that the positioning is subject to change, and rather drastically depending on which option the participants pick. First and foremost, the overarching brand heritage question is what Gucci even *is*, now that all members of the Gucci family have been bought out of ownership of the company. It makes for an interesting philosophical discussion. However, an important point related to heritage brands is that they lose their credibility if they abandon their heritage (Urde, Greyser & Balmer, 2007). The case also highlights how Gucci are on the brink of bankruptcy because of their inability to adapt and change with the times. The importance of balance between trust and adaptability is pointed out by Urde, Greyser and Balmer (2007), and that sometimes change is necessary to survive - and specifically that this can be done through modification of the product or its positioning. This has to be done without changing the values of the brand, which makes this a particularly interesting case because each of the three options all have a different degree of change to the brand's positioning. Consider the elements of brand heritage when discussing the brand heritage (Urde, Greyser & Balmer, 2007), this can be done with the help of the Brand Stewardship Model, see Exhibit 3.

## Corporate Brand Reputation

Another factor to consider in the Gucci case is the handling of corporate brand reputation, and internal & external crises. The building blocks of corporate reputation (Roper & Fill, 2012) include *corporate personality*, *corporate identity/brand*, *corporate image* and *corporate reputation*. In Gucci's case there was a change in customer perspective resulting in a changed corporate image. Due to the abundance of counterfeit products, the consumer's view of Gucci as an exclusive brand grew weaker. Of course, this is not the only reputational challenge Gucci had to face. Their industry competitors also viewed Gucci as a brand that had lost its spark, became dull, uninteresting, and unable to keep up with them. It is likely that the competitors came to this opinion of Gucci due to Gucci's corporate identity and/or brand. The entire premise of this very case is to highlight the options they chose between when Gucci *did* make a change to their identity, so it should come as no surprise that it is this identity that is also what was causing their corporate reputation among competitors to be so poor.

While the case is not primarily about handling corporate crises, there are elements of both internal and external crises implied throughout the case. Roper and Fill (2012) identify that the nature of a crisis, and whether or not it stems from internal or external origin, is an important factor of how devastating it might be for the corporate reputation. In the case, Gucci sees a plethora of crises, such as the internal business warfare between the relatives throughout the 1980s, how the counterfeit products harmed Gucci's image of exclusivity, the threat of bankruptcy and, as

mentioned above, industry competitors having low regard for Gucci. While the case question and managerial decision does not put these crises upfront, it is worthwhile considering which of the three options presented might put Gucci in the best position to deal with some of these crises.

## Key learning objectives

The key learnings of this case are presented in accordance with Bloom's taxonomy, or rather the revised taxonomy from 2001, presented by Armstrong (2010). The taxonomy framework includes six aspects to consider: remember, understand, apply, analyse, evaluate, and create. These are supposed to be a guide when establishing and structuring the learning objectives as well as a help when planning and delivering instructions and creating reasonable assignments and strategies. Finally, it is a tool to ensure that all these are aligned (Armstrong, 2010). The learning objectives, in accordance with the revised framework of Bloom's taxonomy, are described in Exhibit 4.

## Discussion Questions

The following section presents the main and assisting questions the instructor can prepare in advance in order to start and keep the discussion going. These questions also assist in accomplishing the learning objectives of the case study and help guide the discussions in the right direction.

### Main Questions

1. Did anyone choose Option 1: Exclusive-Classic? What are your main arguments?
2. Did anyone choose Option 2: Accessible-Classic? What are your main arguments?
3. Did anyone choose Option 3: Exclusive-Modern? What are your main arguments?

### Assisting Questions

1. Reflect on the crises harming Gucci's reputation (internal warfare amongst the brothers/relatives, counterfeit products harming their image of exclusivity, threat of bankruptcy & industry competitors not viewing Gucci as relevant anymore). Which crisis has the potential to harm Gucci the most, and how would you solve them?
2. Reflect on Gucci as a heritage brand. Born from Guccio Gucci and his lineage, Investcorp's acquisition has resulted in a scenario where not a single Gucci relative remains in the company. How do you view the brand continuing using Gucci's brand heritage? And could changing the positioning hurt the heritage brand?
3. Assess the positioning of Gucci's main competitors. Is there a gap to be filled? What are the pros and cons of filling a gap on the market versus using a positioning closer to a competitor?

4. What does Gucci stand for before your (Tom Ford's) re-positioning? Can you still stand for that with the option you chose? Why or why not? And how will that in turn reflect outwards to the consumers?

## **Argumentation Tools**

This section is intended to give the instructor tools to anchor the discussion into different parts of the case description, if needed, and clues as to where in the case description the participants can find arguments for and against the different options.

### **Option 1, Exclusive - Classic**

There are a few potential arguments for Option 1. This is the historical positioning that Gucci has consistently employed since the beginning. While on the brink of bankruptcy, Maurizio is blamed for ruining the momentum despite relatively good sales after Dawn Mello took steps to restore the brands' exclusivity. Perhaps without his alleged poor judgement, the positioning does not need to change - only the culture of extravagant spending by its owner. Another argument is that this is the positioning closest to the heart of Gucci, and to some degree is the foundation of their brand heritage. As the theory suggests, while it may sometimes be necessary to adapt it is also important not to make too drastic changes in the brand's positioning, or you lose credibility and trust. The brand started to decline once Guccio Gucci passed, and his three sons took over, arguably because the vision and direction of the brand was now scattered due to them wanting to steer the brand into different directions. Now that Investcorp owns 100 percent of the stock, Gucci is back to a singular owner, and perhaps that is all that is needed with this positioning - the real problem might be the lack of a uniform identity and vision.

### **Option 2, Accessible - Classic**

Option 2 is a daring, rather desperate alternative. Following the counterfeit scandal in the 1980s, Gucci's reputation as an exclusive brand was severely weakened. Because they were on the brink of bankruptcy, Gucci could have argued for a last-ditch attempt at capitalising on a new market, by lowering the price and sticking to the trademark designs that made them so popular to begin with. There is a high demand among consumer groups previously unable to consume Gucci products because of the price range. This could be the key out of bankruptcy but doing so would mean completely abandoning their position as a luxury brand. Looking at the "Market Analysis Map", there are plenty of competing brands like Louis Vuitton and Calvin Klein who make a lot of money but cater to a wider audience. This could be the way forward for Gucci. Additionally, Dawn Mello attempted to restore Gucci's exclusivity in the late 80s but by the beginning of the 90s, the company's finances were still in the red. While Maurizio Gucci was blamed for this, perhaps this is not the whole truth, and it is possible that her strategy did not work and that the exclusive positioning needs to be replaced.

## Option 3, Exclusive – Modern

The arguments for changing the historically classic style of Gucci is also quite a daring and drastic move. The fact that Gucci was losing its image as an exclusive brand, as well as losing respect and reputation within the fashion industry meant that something drastic must be done to restore it. Doing the same thing they always have, Option 1, arguably put them in this situation in the first place. Abandoning their position as an exclusive brand is also not an option, because it is one of their greatest strengths, and is core to the brand. The 90's were known as the golden era of fashion, and many new trends spread throughout the fashion world, as well as the importance of supermodels, and the appeal of America as the new fashion “capital” of the world. Not only following the trends, but setting the trends, would come to be very important in the fashion world. Historically, Gucci has a history of being creative, for example when Guccio Gucci had to innovate a new leather tanning method. Only by taking lead in this situation could Gucci avoid getting left in the gutter and eaten by the other, more modern, fashion brands. In this situation it was all or nothing for Gucci, anyway, because they were facing bankruptcy.

## Time Plan

In the following section, the suggested amount of time spent on each element will be outlined. This is designed to work as a guide when presenting the case to guarantee a clear structure, coverage of all elements and assure enough time is given to discussion and reflection. The total estimated time of this case is 45 minutes, and the following figure is a suggestion on how to divide the time:

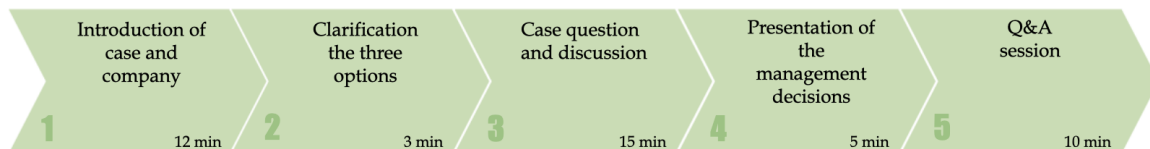


Figure 1: Proposed Time Plan (own illustration)

## Teaching Suggestions

### Pre-presentation

Leading up to the case, the instructor is advised to spend dedicated time with the case material to get familiar with it and ensure that it is profoundly understood. It is important that the instructor feels well-familiar with the case and the accompanying material to be able to clearly present the case. After studying the case materials, it is suggested that the instructor plan how to present and conduct the case in a structured manner, which the time plan can be a guiding tool for. No later than 24 hours prior to the case, the participants should be provided with preparation materials, which is the written case. This gives the participants time to reflect upon what has been read and thus, better participate in and contribute to the discussions during the case.

## **Presenting the Case**

It is advised that the instructor prepare a visual presentation, for example a PowerPoint, that showcases both Gucci's products and commercials before 1994 as well as the competitors' products and commercials at the time. This will give the participants a visual cue, which is important in this case since the industry has strong visual appeal, which can lend itself very well to the creation of the presentation. This requires that the instructor has access to a classroom, or similar, with a projector. In addition, Exhibit 5 includes a timeline with the major event described in the written case that can be a help during the discussions, therefore, we suggest that this is included in the presentation as well. Moreover, it is also suggested that the room has a whiteboard, or similar, since this can be a tool for the instructor to use when discussing the case according to the different theories and models.

## **Leading the Discussion**

At this stage the participants should be reminded of their role as creative director in 1994, with the ability to pivot the entire brand and its positioning as they see fit, but also who they are presenting their chosen option to. Furthermore, the instructor should either start the discussion by asking for a participant/group to present what direction Gucci should go in. The instructor should listen to their chosen option and ask them to motivate their choice. To do so, the "Argumentation Tools", the "Assisting Questions" and the theories discussed in the "Learning Objectives" can be a useful support. By preparing "Pre-Presentation", the instructor should have sufficient arguments for and against each of the options. With this, the instructor can be critical and inquisitive towards all options which in turn will decrease likelihood of steering the discussion towards one option. The instructor is responsible for letting each participant's opinion get heard. By the instructor taking the role as a slightly worried, and revenue hungry, Investcorp, counter arguments and more opinions can be asked for in an engaging and case-driven way. If the discussion is close to the end without all three options having been discussed, the instructor can ask about the remaining option(s) and ask participants who did not choose it to motivate why. This is a way to stimulate discussion and let the participants reflect on the option they chose.

## **Presenting the Conclusion and Leading the Q&A**

After the allotted time for discussion, the instructor should move the case participants over to the concluding phase of the Gucci case. In this part, the instructor should have ended the discussion of all three options. Now it can be revealed that Option 3 was the one that Tom Ford chose for the brand. Here it is important to utilise not only the "Argumentation Tools" for that option but also the "Management Decisions" to showcase just how far Tom Ford took the brand from its original identity and position. The instructor should attempt to draw parallels to the previous discussion around Option 3. During the conclusion it is also advised to use visual elements comparing and contrasting the change Gucci went through after Tom Ford's repositioning like ad campaigns and runway photos. Some suitable examples of material to use are provided in the Exhibit 6. The reason for using visual elements is



to show just how much of a risk Gucci took, which then can be discussed further with the case participants. Bringing up the risks and asking the participants how they feel about the campaign is a good way to start the Q&A session. The last session should then continue organically through questions back and forth both from the class and instructor depending on what was discussed earlier during the case.

## Reflection

Writing a case has been a fun and interesting experience, and a refreshing new form of examination. During the past weeks, we have developed a written case as well as the management decisions of it, and created teaching notes, in order to guide the case instructor throughout the implementation of the case. This was conducted as a part of the master course “Brand Management and Reputation” at Lund School of Economics and Management. The process started with a preparation for the supervision where we, as case authors, presented and discussed three different case alternatives, which later led us to choose one of them. The supervision was held by Professor Mats Urde, who gave us useful feedback and valuable guidance on how and what to think of when choosing the case. He also gave us good insight about how to structure the case moving forward. Throughout the process and the course, we also have had lectures and guest lectures who have given us inspiration for our own case writing.

Although case writing has been a new and exciting way of writing an assignment, it has not been without its challenges. The first challenge we encountered was to come up with and formulate the three different potential outcomes. Since arguments for and against these three options needed to be recurrent throughout the written case, we had to constantly keep them in mind. This leads to the other main challenge, and it was to actually write the case in a way so both pro- and counter arguments can be detected in the case. We tried to be as neutral and nuanced as possible to not guide or hint the reader to the correct option. However, it was difficult from time to time since we knew the real-life management decisions beforehand.

The process of case creations has provided us with many valuable skills. First and foremost, we have learned how to understand a business problem and to evaluate it from different perspectives. Following the case writing, we also understand that there is no right way of solving a business situation. Instead, there can be many various ways of handling problems, both better and worse, and the most important action is to thoroughly evaluate the different alternatives and potential outcomes. These skills can strengthen our management skills and help us manage future real-life business situations in an effective and successful way.

Something that has been consistently appreciated by our group is reflected in both this assignment and also the guest lectures and their case presentations. Normally at university you learn theory and then examine your knowledge of said theories, but in this setting, we have been allowed to apply them to practical situations, and it can be argued that it gives an entirely different depth of understanding, as well as realising how much you actually know. Testing yourself and how the theories can be applied

in real life scenarios is very interesting because the answers can vary wildly among the class - but that's not to say that there is a clear right or wrong answer. In a traditional exam everyone would have to give the same answer to the same question to get the points, but in a format like this there can be very many different perspectives and solutions to a problem, based on what previous knowledge we have and what we interpret to be appropriate to apply to the case at hand.

## References

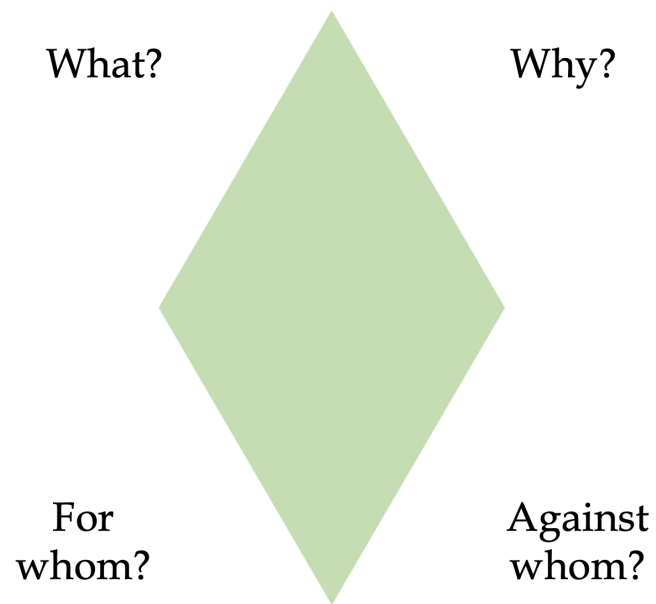
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**Exhibit 1** The Brand Identity Matrix

<b>EXTERNAL</b>	<p><b>VALUE PROPOSITION</b> What are our key offerings, and how do we want them to appeal to customers and other stakeholders?</p>	<p><b>RELATIONSHIPS</b> What should be the nature of our relationships with key customers and other stakeholders?</p>	<p><b>POSITION</b> What is our intended position in the market and in the hearts and minds of key customers and other stakeholders?</p>
<b>INTERNAL/ EXTERNAL</b>	<p><b>EXPRESSION</b> What is distinctive about the way we communicate and express ourselves and makes it possible to recognize us at a distance?</p>	<p><b>BRAND CORE</b> What do we promise, and what are the core values that sum up what our brand stands for?</p>	<p><b>PERSONALITY</b> What combination of human characteristics or qualities forms our corporate character?</p>
<b>INTERNAL</b>	<p><b>MISSION AND VISION</b> What engages us (mission)? What is our direction and inspiration (vision)?</p>	<p><b>CULTURE</b> What are our attitudes, and how do we work and behave?</p>	<p><b>COMPETENCES</b> What are we particularly good at, and what makes us better than the competition?</p>

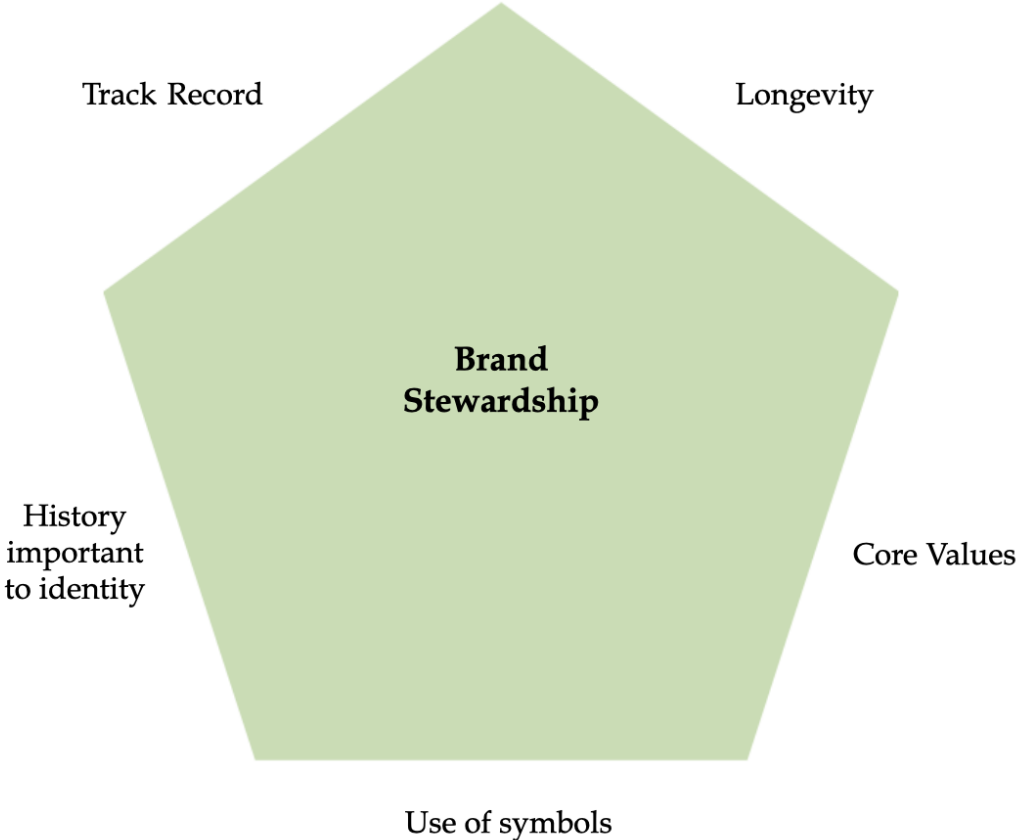
**Figure 2:** Adapted Brand Identity Matrix (Urde, 2013)

**Exhibit 2** The Positioning Diamond



**Figure 3:** Adapted Positioning Diamond (Kapferer, 2012)

**Exhibit 3** The Brand Stewardship Model



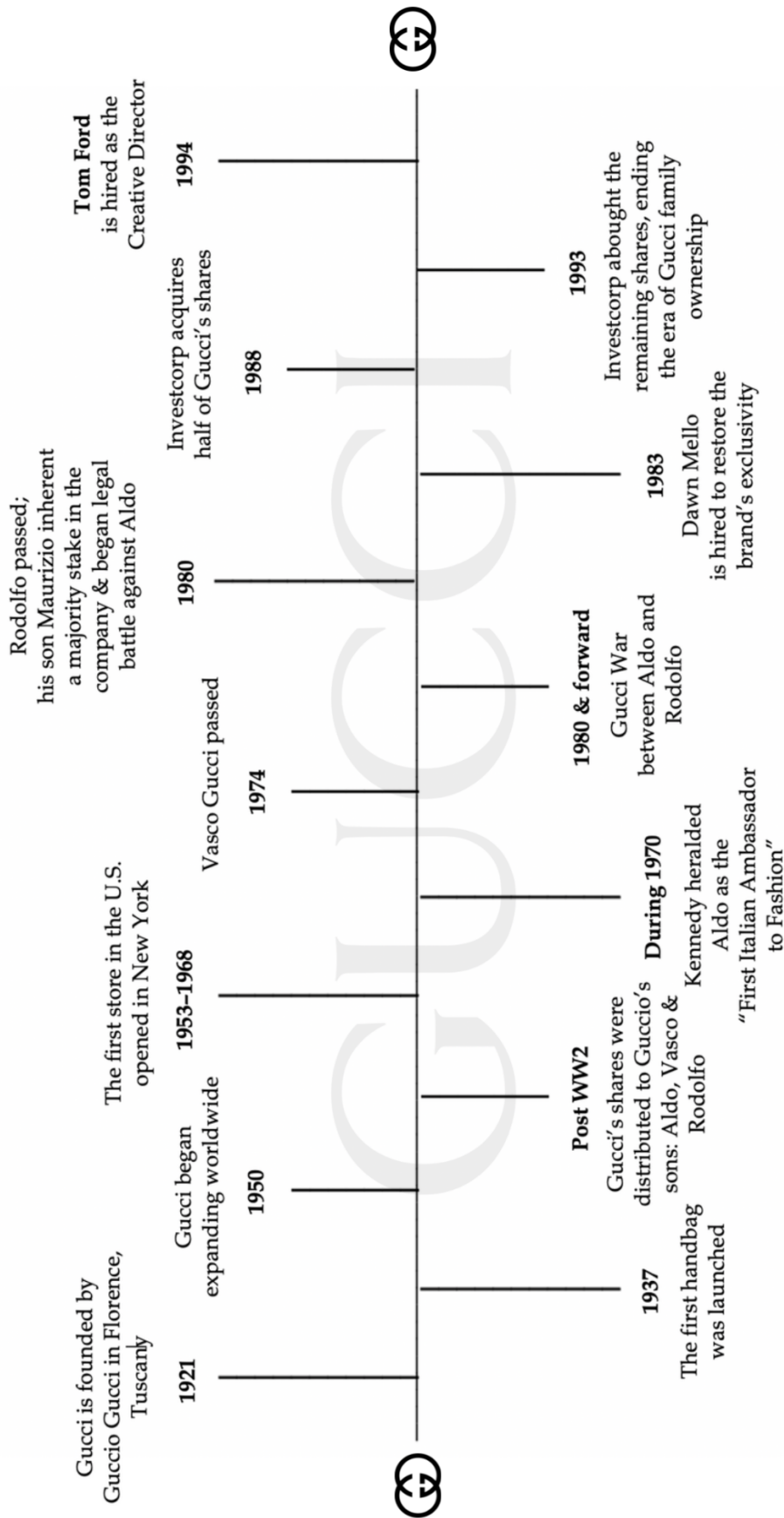
**Figure 4:** The Brand Stewardship Model (Urde, Greyser & Balmer, 2007)

**Exhibit 4** Bloom's Taxonomy

<b>Key learning objectives</b>		
<i>Remembering</i>	... a brand's history and competitors	Here: Gucci history and the landscape of competitors
<i>Understanding</i>	... how aspects from a brand's history as well as competitors and current trends can affect positioning and the need to change it	Here: understand how Gucci got to the position their at today and what position that resulted in in relation to other luxury brands
<i>Applying</i>	...brand management models to examine position as it relates to a brand with history and heritage in need of repositioning	Here: Brand Identity Matrix, Positioning Diamond, Brand Heritage and Corporate Brand Reputation
<i>Analysing</i>	... impacts of positioning depending on competition and brand identity	Here: analyse the impact of the options might have on Gucci
<i>Evaluating</i>	...options for a reposition	Here: Evaluate the options (in aspects of the positioning, use of heritage, avoidance of risks toward reputational strength and brand identity) in relation to competitors
<i>Creating</i>	...a clear motivation behind choosing an new position	Here: Motivate through a sound evaluation of the options for Gucci

**Table 1:** Bloom's Taxonomy in accordance to "Doing a Gucci" case (Armstrong, 2010)

**Exhibit 5** The Gucci Timeline



**Figure 5:** The Gucci Timeline (own illustration)



Exhibit 6 Examples from Gucci's commercial during and after 1994







**Figure 6:** A selection of Tom Ford's Gucci campaigns (Compain, 2017)