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Marketing 1: Fashion Marketing

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Gap Situational Analysis Report

Internal situation Analysis

In 1969 Doris and Don Fisher opened the first Gap Store in San Francisco California. Where they primarily sold Levi’s jeans and records. With a mission to find jeans that fit. The immense popularity Gap had in the 80’s and ’90s with an image of an iconic American brand has since declined. At the time their brand identity was just being effortlessly cool but now their brand identity has been murkied into something that is about anything and everything. Gap’s brand identity to put it simply is all about the basics. Gap aims to be an image of a casual and classic American staple with “a modern interpretation of our denim roots and signature pieces” Once the first port of call for fashion basics, in the past decade The Gap has seen sales plummet and hundreds of stores closed, so what can we find went wrong and how can they be saved?

Whilst on a class trip to the GAP corporate offices we meet several of their head executives and they explained their roles in the company as well as sharing a bit about the current state of the company. They were very open with us and admittingly agreed that Gap was in fact in trouble. They also named Levis as one of their top competitors. Levis currently dominates in the sector of jeans however Levi’s brand identity is profoundly different from Gap’s which in turn encompasses a completely different target market. Levi’s brand identity is all about quality, originality, and integrity. Levi’s positions its brand identity so well that in the very textbook this class, the example they give for brand personality is, “Levi’s appeal to men is rugged, independent, outdoors personality; the brand reaches out to men of all ages to see themselves that way.” Levis was founded on creating jeans that are innovative, they wanted top quality jeans that could withstand the working man’s day to day. By doing so Levis is known for having top quality jeans, unlike Gap who is known for basics. Levis’s customers can count on quality and innovative jeans while Gap is often criticized for “always having the same thing”.

Company’s that more closely resemble the Gap’s line of stock/inventory are powerhouses like Uniqlo and fast-fashion retailers like Zara, and H&M. Zara and H&M both compete with Gap because their price points are appealing to the same target market as well as consumers are drawn to the ever-evolving and trendy inventory these stores hold. Since the opening of these three companies Gap’s target market has found the basics they were previously purchasing at lower prices along with a steady supply of new and innovative styles.

Uniqlo seems to be Gap’s greatest competitor, whilst they create basics the brand can adapt and innovate quickly enough to remain relevant. The brand has a unique approach to the ever-evolving fast fashion industry while they too create on a mass scale they have chosen to “totally ignore fashion instead of chasing fast fashion trends”. They can stay relevant to their consumers by creating lines that while having the same style differ from season to season through collaborative work with artists or pop-culture influences. For example, although the basics of the T-shirt stays the same they often do collections by artists like Keith herring or add images of pop culture like mickey mouse or ever so popular amongst their consumers, different anime television shows. Uniqlo doesn’t rely on fashion trends in order to keep their consumers engaged because they understand that their brand identity would suffer if they stopped being reliable for basics. When consumers aren’t seeing change or innovation in a company’s product they are seen as boring and they start to fall behind.

Target Market Consumer Profile

As gap’s motto goes, “for every generation, there is a gap” Gap markets to a wide variety of ages, with such a range their website has sections for baby, toddler, boys, girls, men, women, and maternity. Gap’s target market is now fixed on customers between the ages of 25 to 35 but it has changed its focus enough times to confuse shoppers. And through research studies, the Gap shopper is normally between the ages of 31-50. The Gap creates clothing for all genders and they have a commitment to inclusivity and diversity. The Gap customer has a classic, Natural, and simplistic style. Gap has customers both in-store and online, operating in 90 countries worldwide. Their marketing campaigns normally seem to target families due to their wide variety of departments.

External Analysis

In this current age, there is a large political influence on the fashion industry from taxes to fashion influences. The government has put taxes on goods to encouraging companies to buy fabrics and materials locally. Political influences on fashion trends have often come from women in power such as Jackie Kennedy, Michelle Obama, Melania Trump, Alexandria Ocasio Cortez, and Prime Minister Theresa May. Women in political power are often in the limelight for their fashion choices and used as muses for fashion inspiration.

The United States economy has also played a large role in the American consumer’s fashion choices. As the economy is still recovering from the 2008 recession, but more people are starting to find extra money to put in fashion and accessories. There is now an expansion in rentable clothing, that is both casual and formal. This allows consumers a more economically friendly solution for fashionable options

Socially Americans have started putting causes behind their buying decisions.

There is a rise in buying goods made in the united states due to greater awareness of labor laws. Groups such as PETA are also starting boycotts and protests against companies that have animal furs and skins as well as those who test on animals.

Aside from moral choices consumers are also influenced by those they idolize. One of the largest industries of fashion influencers comes from the music industries. Their brand is often portrayed through their way of dress. Artists also plug designers and brands in their songs that their fans will eat right up. For example, the saggy jeans Tupac wore lead to a generation of young men following their idol’s style. Or songs like “Fashion” by Lady Gaga and “Fashion Killa” by Asap Rocky shamelessly plug many designers creating an association between the artist and the designer.

The introduction of online shopping has allowed for a complete metamorphosis of every industry but especially fashion. A significantly larger market is now able to purchase goods whereas they were previously only available to those who were in the surrounding location of the brick and mortar store. The rise of vintage clothing has also risen due to online shopping allowing business to make a large profit and saving the customer money from the retail price. Shows such as Project Runway have also allowed for nameless talents to rise as household names and luxurious designers. Documentaries like the true cost of fashion are educating consumers about the behind the scenes of the fashion industry allowing them to make more informed buying decisions

The fashion industry has an incredibly negative impact in the environment. Driving many consumers onto the trend of sustainability. Many fabrics are made from cotton, which is quite susceptible to chemicals. The addition of shipping materials and goods is also a huge contributing factor to the industry. Many consumers are starting to boycott companies that manufacture their goods in countries where labor laws are “Iffy”.

SWOT Analysis

As a Fortune 500 company Gap has many strengths, including a strong portfolio of distinct brands across multiple channels. They carry a large variety of inventory to maintain a very large base of customers. Gap also carries a strong and global presence, putting their image out worldwide. With this exposure, Gap has a heavy brand recognition across the globe. Gap has a presence of good quality and timeless products which has customers returning to a brand they can trust.

Despite their overwhelming success in the past Gap has seen a steady decline in sales. There is a high competition in the marketplace and Gap has adapted to current trends fast enough to keep its target market. Gap’s brand identity has become too confusing for consumers who once loved Gap for their iconic American apparel but now see Gap as an outlet reaching to sell everything and anything. Gap’s CEO, Art Peck acknowledges the decline of Gap’s sales as a result of, “inventory imbalance” saying this is a result of not having a “proper bottoms to tops ratio” of about three to one. (Thinking that consumers typically pick up more tops to go with their jeans) . Gap doesn’t seem to be seeing the real issues the company is facing with consumers complaining that, “Gap's always had the same thing, It doesn’t change. It’s boring.” Resulting in sales being lost from the losing clientele, not due to customers buying more tops than bottoms.

In terms of opportunities, there are many changes occurring that are taking an effect on consumers buying decisions. Millennials are demanding clothing that is affordable, fashion-forward, efficient, and sustainable. Overall consumers are gaining a larger incentive to purchase goods that are ethically sourced and made in places with good labor practices. Because of technology, the marketplace is far more competitive through the evolution of online retailers who are willing to adapt to all of the consumers’ needs and demands whether that be a product that is cost-effective or fashion-forward.

In such a large industry like fashion, there are many threats imposed on Gap. They have many competitors who offer more fashionable clothing at more reasonable prices. In the fashion industry especially is there is an incredibly rapid changing of trends that Gap seems to be falling behind in. Lastly, the current economic climate means less consumer expenditure which results in fewer sales.