

The Impact of Artistic Marketing on China's Luxury Market A Case Study of Gucci

-- Taking Gucci as an example

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Abstract: The continuous expansion of today's luxury market reflects the rising economic strength of China. As people's purchasing power increases, so does their demand for spiritual aspects. The gradually improving aesthetic standards are posing a threat to the traditional luxury industry that is content with the status quo, thus the demand for excellent artistic marketing is becoming urgent. Gucci has a development history of nearly a hundred years, and its former design director's design themes, which combined Renaissance themes, innovated while inheriting its foundation. Undoubtedly, this brought positive guidance, but the change of design directors also undoubtedly had a huge impact. Artistic marketing has its pros and cons, and it should be more cautious in terms of promotion.

Keywords: Artistic Marketing, Luxury Goods, Gucci.

1. Introduction

Artistic marketing is a systematic process aimed at enhancing people's awareness and interest in a company, product, or service, thereby stimulating buyers' desire to purchase. For artists, it is not just about selling art pieces, but about establishing a reputation based on trust and authority, and creating a brand that resonates with the audience.

Successful artists use marketing to convey their products, promote art, identify and attract new potential customers, and strengthen connections with target audiences and existing customers. Each piece created by the artist leaves a unique mark, and art marketing can share this narrative in a way that resonates with the audience, inviting them into your creative world.

2. Purpose and Significance of the Research Topic

Amid the new normal of China's economic slowdown, the luxury market has not shown signs of weakness and continues to thrive. In 2018, Chinese consumers spent 770 billion yuan on luxury goods both domestically and abroad, accounting for one-third of the global luxury consumption, with an average household expenditure of nearly 80,000 yuan on luxury goods. By 2025, the total luxury consumption is expected to increase to 1.2 trillion yuan. With the expansion of China's luxury market, major luxury brands have been competing in various ways to capture market share, among which commercial marketing is undoubtedly an important means for brand expansion and consolidation of consumer groups. Among many marketing strategies, Gucci's artistic marketing route is undoubtedly very representative. From the Dionysus series launched by Alessandro Michele in the autumn and winter women's series in 2015 to the spring and summer advertisement in 2018 inspired by Hieronymus Bosch's "The Garden of Earthly Delights" and Jan van Eyck's "Arnolfini Portrait," Gucci has always been highly bound with art. Undoubtedly, the success of Gucci's marketing strategy is

evident, and to this day, the Dionysus bag series remains one of Gucci's most popular series. 2023 is hailed as a transitional year for Gucci. On September 22, Gucci's new creative director Sabato De Sarno presented his first show, Gucci Ancora, hoping to revive Gucci's brand momentum after the pandemic shock through the designer's transformation. Is artistic marketing a viable method? This article aims to provide direction and reference for luxury brands hoping to engage in artistic marketing in the future.

3. Research Method Design

This project aims to study the market response to Gucci's artistic marketing strategy. The author, through reading a vast amount of relevant literature such as "The Soul of the GUCCI Brand - Renaissance," "Strategic Management and Brand Management on the Luxury Brand GUCCI," and "Research on Artistic Marketing Strategies of Luxury Brands from the Perspective of Consumer Culture - Taking Louis Vuitton as an Example," has gained an understanding of the current situation of artistic design in luxury goods and the basic situation of other luxury brands' artistic marketing strategies. This paper plans to use macro environment analysis to analyze and position China's luxury market, and then hopes to analyze some art marketing methods in the luxury industry. Gucci's continuous association with the Renaissance also reflects the uniqueness of Gucci Corporation in the field of artistic marketing, and this article hopes to focus on this aspect for analysis. At the same time, due to the continuous development of the Chinese market, changes in various markets in China are quite frequent, and the luxury market is no exception. The author hopes to analyze the constantly changing market to determine the advantages and disadvantages of various aspects of artistic marketing. This article takes artistic marketing as an entry point, and the author hopes to analyze Gucci's artistic design in products. After being impacted by the pandemic, Gucci fell into a long slump, facing its awkward position in the luxury industry. Last year, Gucci attempted to make several changes and

implemented multiple brand strategies. These strategies for transition years are also very meaningful for research.

4. Case Study of Gucci Art Marketing

4.1. Creative Content Revolution

On September 22, 2023, Gucci's new creative director Sabato De Sarno presented his first show, Gucci Ancora. On the eve of the show, Gucci cleared its official social media accounts, changed profile pictures, and released several pre-show warm-up videos. Departing from the unique, flamboyant, and colorfully bizarre aesthetic of former creative director Alessandro Michele, Sabato De Sarno's inaugural collection reinterpreted classic brand products and elements such as the Jackie bag, Bamboo bag, loafers, and the red and green stripes in a sleek and modern style. In terms of content creation, Gucci has attracted consumers' attention and enhanced brand exclusivity by launching unique and creative advertisements and product designs that emphasize the combination of art and fashion. This bold and rebellious promotional approach is undoubtedly unconventional and significantly different from Gucci's consistent classic and elegant style. In the fashion industry, especially in the luxury goods sector, the significance of artistic marketing often lies not in conformity but in breaking and establishing traditions, which tends to spark more discussions about the brand.

4.2. Product Innovation Leadership

Under the leadership of Alessandro Michele, Gucci's product designs have been continuously refreshed, enhancing product diversity and artistic value through the integration of retro and modern elements, as well as limited editions in collaboration with artists. In fact, Gucci's collaborations extend beyond the artistic realm; as a luxury brand, it also frequently collaborates with celebrities from the entertainment industry. In this year's autumn and winter men's collection, Gucci partnered with several domestic entertainment stars, bringing a visual feast to consumers and audiences.

4.3. Digital Interaction Expansion

Gucci actively leverages social media and online platforms to enhance online interactions with consumers and expand brand influence through initiatives like the #GucciBambooChallenge. In terms of the domestic market, Gucci has registered official accounts on many platforms for marketing purposes. As a traditional brand, Gucci has not fallen into the trap of old luxury stereotypes; instead, it keeps pace with new fashion trends, breaks conventional traditions, innovates marketing methods, and expands its market demographic.

4.4. Cultural Relevance Marketing

Gucci values its relevance to contemporary culture, participating in significant fashion events such as Milan Design Week to showcase its design prowess, while also organizing exhibitions and museum collaborations to reinforce brand cultural value. Just last year, during the Milan Fashion Week, Gucci chose the Gucci Hub show space for its venue, featuring a combination of rectangular and circular structures, bright and orderly.

The circular structure had also appeared in the brand's previous men's wear show, symbolizing "the concept of a collaborative cycle within the Gucci creative community."

This was a very sexy collection, immediately reminding people of the Tom Ford era at Gucci, emphasizing the heritage of the brand. Excavating heritage and projecting the overall identity of the brand community is a suitable creative approach for a transitional period. Additionally, flashbacks to periods in the brand's history effectively enhance people's understanding of the brand culture.

5. Market Impact of Artistic Marketing During a Transformational Period

5.1. Unstable Early Performance

Looking at the brand's financial reports over the past few years, Gucci's revenue growth has significantly slowed since 2020. In the fiscal year of 2020, Kering Group's sales fell by 17.6% to 12.677 billion euros, with net profit decreasing by 6.9% to 2.15 billion euros. Among them, the core brand Gucci's sales declined by 22.7%. Although there was a rebound in 2021, the performance remained lackluster in 2022.

Similarly, in 2022, LVMH Group's revenue grew by 23% to 79.2 billion euros, with the fashion and leather goods division's revenue increasing by 25%, and Louis Vuitton's annual revenue exceeding 20 billion euros for the first time; Hermès also saw its revenue grow by 29% to 11.602 billion euros in that year. Coming to the first quarter of 2023, Kering Group's sales increased by 2% year-on-year to 5.077 billion euros, among which Gucci's revenue only rose by 1%, far behind Hermès's 23% and LVMH Group's 17% growth during the same period.

While competitors were making substantial profits, Gucci's slowdown in growth cannot be entirely attributed to market factors. Gucci's growth disadvantage is inseparable from its disconnect with fashion trends. Faced with the situation at that time, the most important thing was to redefine the brand image. Popularization had somewhat affected Gucci's brand image, especially in terms of enhancing brand recognition among high-net-worth customers. Additionally, product innovation needs to be strengthened. Gucci's recent rise relied on distinctive product innovation, but as the novelty faded, the brand's development naturally faced limitations.

5.2. Active Trade in the Bubble Market

According to KPMG's January 2024 Market Outlook, the luxury market, although showing signs of slowing down, remains very active. By 2023, consumers in China and the United States will drive continued growth in the luxury market. Despite a decline in demand due to reduced discretionary spending and significant macroeconomic uncertainty triggered by socio-economic and geopolitical turmoil, analysts expect the market size to grow at an annual rate of 3.4%, reaching \$355 billion by 2028.

In terms of growth, luxury brands are seeking to innovate and develop within their markets by exploring new revenue models and channels. Meanwhile, as participants look for small luxury brands with unique propositions (LVMH has already made 13 such acquisitions in mainland Europe and the United States to reach diverse customers), many markets are expected to see collaboration and integration. The second-hand market is expected to grow significantly, accounting for 20% of revenue by 2030. As leaders in these growing niche markets emerge, more transactions are anticipated.

Global Luxury — M&A volume



Figure 1. Global luxury enterprise mergers and acquisitions data (Image source: Internet)

5.3. Impact of Design Philosophy Change

Faced with a slowdown in sales, Kering Group's senior management decided to change designers. At the end of March 2022, Alexander McQueen appointed Gianfilippo Testa as the new CEO, replacing Emmanuel Gintzburger who joined Versace, with the appointment effective in May. A month later, Alexander McQueen announced the suspension of its sub-brand McQ and considered shutting it down completely to streamline brand operations and enhance overall profitability. The early termination of the chief designer's contract undoubtedly brought turmoil to the company, but more importantly, whether the new designer could withstand the pressure and turn the tide was critical. Similarly, to avoid the aesthetic fatigue brought about by the distinct style during Alessandro Michele's tenure, Gucci also adopted a teamwork approach to maintain freshness.

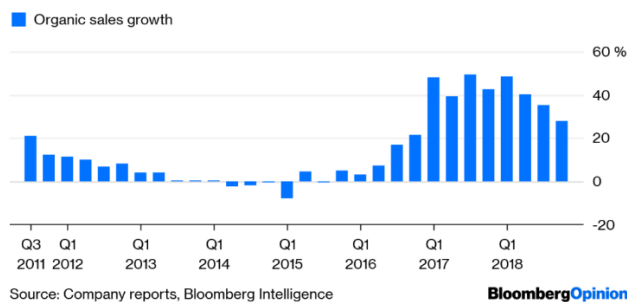
Regarding the much-watched Chinese market, although Bain's report showed that China's luxury consumption fell by 10% last year against the trend, Kering Group still decided to bet on it. Before the release of the financial report, Francois Henri Pinault visited China again after three years, traveling to four major luxury consumer cities—Chengdu, Nanjing, Shanghai, and Beijing—within a week, becoming the first luxury giant to inspect the Chinese market after the pandemic.

6. Conclusion

Early in 2014, this year marked a crucial turning point for Gucci. After years of steady sales growth, quarterly sales began to slow down in 2013, and by 2014, Gucci's sales had declined for three consecutive quarters. Faced with this predicament, the former design director resigned, taking responsibility for the situation.

Trending Down

Although Gucci's sales are expanding at a slower pace, they are still increasing



Source: Company reports, Bloomberg Intelligence

BloombergOpinion

Figure 2. Global Luxury Enterprise Mergers and Acquisitions Data (Image source: Internet)

In this critical moment, a designer named Alessandro Michele was appointed, who successfully revived Gucci from its continuous sales decline and returned it to its peak. One of the most notable characteristics of Gucci under Alessandro Michele's leadership was the brand's increasingly close connection with art; many of Gucci's designs under Michele were inspired by artworks from the Italian Renaissance. However, facing another slowdown in sales, Gucci had no choice but to change designers again. Indeed, a long-standing distinct design style can lead to aesthetic fatigue among consumers, but a sudden termination is undoubtedly detrimental to brand image promotion. The artistic marketing linked to the Renaissance undoubtedly revitalized Gucci, but the fashion world needs not only retro but also innovation. In the rapidly changing luxury market, artistic marketing is indeed a double-edged sword; while emphasizing the brand, it can also solidify the brand image, thereby hindering transformation when need. From Gucci's official deletion of all social media videos, it's clear that Gucci is very determined to transform. However, the market's reaction to this transformation seems mixed. But in the author's view, the form of art has never been confined to one type; diverse transformation and innovation are not only market demands but also the essence of luxury companies that adopt artistic marketing as a strategy. It is also hoped that after this transformation, Gucci will bring even more excellent products to people.

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