

A STUDY ON GAP INC.MARKETING STRATEGIES

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ABSTRACT

Adopting and implementing marketing strategies in the modern world and dynamic market environment where the customers needs, expectations, preferences and demand keeps on changing in terms of fashion and clothing. GAP is one of the multinational retail company that always tries to keep itself updated and ready to plan, change or adopt any kind of marketing strategies according to the dynamic business environment and satisfy its customers.

INTRODUCTION

The Gap Inc. is one of the American leading international specialty retailers that offers a variety of products such as apparel, accessories and personal care products for men, women, children and babies under the Gap, Old Navy, Banana Republic, Piperlime, Athleta and Intermix brand names. More specifically, the company provides jeans, T-shirts, clothes for use in sports and in daily life, eyewear for both men and women, footwear, bags, and jewellery.

The company it is based in San Francisco, California and except of the United States and Canada it also operates in Asia and Europe. It currently employs 150,000 employees, approximately and as of January 2014 the company made approximately \$16,148 million in revenues, \$2,149 million in operating profits, and \$1,280 million in net profits. Moreover, its revenues increased 3.2% over the financial year of 2013, its operating profit 10.7%, and its net profits 12.8%. Needless to say, throughout its history, Gap, Inc. has established itself as

a leader in the industry.

It was founded in 1969 by Donald Fisher and Doris F. Fisher and is headquartered in San Francisco, California. The company operates six primary divisions: Gap (the namesake banner), Banana Republic, Old Navy, Intermix, Hill City, and Athleta . Gap Inc. is the largest specialty retailer in the United States, and is 3rd in total international locations, behind Inditex Group and H&M. As of September 2008, the company has approximately 135,000 employees and operates 3,727 stores worldwide, of which 2,406 are located in the U.S.

The Fisher family remains deeply involved in the company, collectively owning much of its stock Donald Fisher served as Chairman of the Board until 2004, playing a role in the ouster of then-CEO Millard Drexler in 2002, and remained on the board until his death on September 27, 2009.

INDUSTRY ANALYSIS

Today Gap Inc. serves customers globally through its 3,500 company-operated stores. Four hundred (400) out of the 3,500 are franchise stores and ecommerce sites. The apparel market is a \$1.4 trillion industry, and Gap Inc. has 4 percent of the market share. The company's current stock price is \$37.86. Moreover, the company's current market cap is \$15.89 billion and its earning per share (EPS) equal 2.88. However, the market of Gap Inc. is a market full of opportunities and excellent potential market share.

MARKETING MIX

Product:

The product strategy and blend in GAP marketing strategy are often explained as follows:

Gap may be a popular clothing and accessories brand spread globally. Gap Inc. provides products in its marketing mix strategy like T-shirts, jeans, jackets etc to be used in lifestyle , sunglasses for everybody , shoes, jewellery, perfumes etc. The brand wise products are often seen as below:

1. GAP: Trendy shirts, t-shirts, denim apparels, sunglasses, etc., basically for summer and spring seasons
2. Banana Republic: This is slightly premium segment dealing in better craftsmanship and luxurious materials. The products include clothes, sunglasses, accessories, footwear, bags, and perfumes
3. Old Navy: Widespread types of apparels, with target of 'lower middle to middle income consumer
4. Athlete: sports apparel including yoga, tennis, skiing and seasonal sports.

Thus, the wide selection of products by Gap Inc, with different brand names, help target the purchasers of both mass market and premium segment.

Price:

It following a competitive pricing strategy in its marketing mix. Its major competitors are Ameical eagle outfitters, Urban Outfitters Inc. and Macy's Inc. Gap protects its market share by optimizing cost for offering reduced prices for quality products. The demand for products, offered by GAP is sort of inelastic (clothing being the essential need), although the market is sort of price sensitive. People buy apparels that are cheaper to them. With this in mind, Gap shifted its focus towards a wider target segment since 2014. It optimized its operations for decreased cost and reduced prices. The supplier power during this industry is additionally limited thanks to many options available. The new pricing strategy of Gap Inc. integrates the mixture of psychological and merchandise line pricing techniques. It achieved this through localizing the inventory of its retail stores. Thus, transportation cost was minimized.

Place:

The promotional and advertising strategy within the GAP marketing strategy is as follows: Gap possesses an in depth distribution network ensuring a robust presence worldwide. The products can either travel from company to wholesaler to retail or to the direct Gap stores, for consumers to shop for from them. There are 3700+ store locations operated by Gap Inc. itself. Most stores are open around the year. Most of the stores are located in USA itself. The retailers use both online channels and offline channels in integration. Gap allows its customers to buy for multiple brands on an equivalent site. it's increased its focus over internet sales channel. Even third party online channels like amazons, are open for Gap Inc. customers, to shop for apparels or merchandises Customers even have the posh to seek out the address of the closest store to their location from the official website. One differentiating factor is that, Gap products

albeit bought online are often returned on the stores to extend convenience. Gap Inc is recognized everywhere the planet . it's easily available brand in most metro cities of the nation's worldwide. Although, self-operated Gap stores are less in number (only 20%of total), the web presence and third party stores have enabled Gap's presence round the world.

Promotion:

Gap Inc. uses various advertisements techniques, which will be summarized as below. Gap Inc. offers various hard and e-gift card which may be used for purchasing across all sites and stores. Even online gift cards, get delivered in around 3 days, with the choice of personalized message. Presenting the merchandise within the best way, through mannequins display or boards and posters with trendy tag lines is one among the most advertisements techniques employed by Gap Inc. Print and media advertising is extremely extensive form for promotion. it's the most tool to deliver message to the target customers. Magazines are specially preferred by Gap Inc. Gap has used viral marketing in controversial manner, repeatedly like stationing support for interracial family through its ads, which caused many discussion round the topic, gaining popularity for the name . These stories attract tons of attention. another tactics also include organizing competitions and gifting GAP accessories and merchandise as gifts. Gap has also increasingly associated itself with CSR activities, to be recognized as a responsible and anxious brand, as its target group, the young generation are getting more and more opinionated. Gap's Athleta brand introduced its Girl's apparel line with commercial ads focused around women empowerment and that specialize in 'Power of She' to introduce equality at the foremost impressionable age of 6 to 14. Hence this completes the marketing mixture of Gap.

MARKET POSITION

The Gap originally targeted the younger generation when it opened, with its name pertaining to the generation gap of the time. It originally sold everything that Levi Strauss & Co made in every style, size, and

color, and arranged the stock by size. The Gap was the primary of the many shops that carried only Levi's. In 1973, Gap started making their own jeans as how to differentiate themselves from department shops . Gap inc is doing market segmentation. Gap's current marketing works to appeal to a broad demographic of consumers , whereas country presents a classy image with an self expressing easygoing personality and Old Navy focuses "fun, fashion, and value" for families and younger customers. While the corporate has been criticized for blandness and uniformity in its selling environments, it maintains that it tailors its stores "to appeal to unique markets" by developing multiple formats and styles . The domain www.gap.com attracts over 18 million visitors annually, consistent with a 2008 Compete.com survey. The brand is being criticized within the UK because the merchandise that's offered to the united kingdom customers cost double the costs (or

even an immediate \$/£ swap) found within the us . Gap also doesn't offer XXL or larger sizes within the UK

stating the united kingdom market doesn't require them in contrast to plug leader NEXT who offer a spread of larger sizes within the UK.

SWOT ANALYSIS

SWOT analysis has got to with examination of Strengths, Weakness, Opportunities, and Threats of a corporation . SWOT analysis is extremely useful because it helps bent find how a corporation stands and the way it'll perform within the future.

STRENGTHS

its global presence is that the market, because it is "recognized everywhere the world". Moreover, Gap Inc. utilizes tons research and

development and is “catalyzed by franchise and company-owned stores and online presence”. the corporate maintains a “well-balanced portfolio” and has been ready to maintain its supply chain.

WEAKNESSES

it is dependent “on outside merchandise vendors for supply of products”. Furthermore, “the narrow niche is one among the main weaknesses” of the corporate . the very fact that it hasn’t maintained a fashion identity is another weakness of the corporate .

OPPORTUNITIES

However, the corporate has many opportunities that ought to cash in of. That is, the corporate can expand “into the growing luxury retail market” and “in Asian markets”, so on increase its sales, also because it can grow more its “e-commerce market”. Plus, it’ll be easy for the corporate to “establish its name in most of the opposite sectors” thanks to its recognizable name.

THREATS

Unfortunately, the corporate it's being threatened by the “increasing labor costs” in foreign countries that's operating, by the possible “market growth of counterfeit products”, also as by the possible firms which will enter the market. the corporate could also be threatened by “possible tariffs from government over the imported materials” also .

So albeit there are some weaknesses and threats, it's clearly visible from the SWOT analysis that GAP features a wonderful chance of creating a successful Indian market entry. The strengths outnumber the weaknesses and threats are often overcome by proper utilisation of the available opportunities. what's required is that the proper execution of the marketing plan.

COMPETITION ANALYSIS

“Clothing retailing industry is very competitive industry”. There are many clothing retail industries within the market

that compete with one another so as to take care of or increase the amount of their customers. Gap Inc. in fact isn't an exception. the worldwide specialty apparel retail industry is very competitive. That is, Gap Inc. compete “with local, national, and global department shops , specialty and discount house chains, independent retail stores, and online businesses that market similar lines of merchandise” .

Gap Inc. so as to stay competing to other clothing retail companies makes efforts to take care of or attract more skilled and educated employees and executives. Moreover, the upkeep and development of its brands within the market is one the keys of Gap’s Inc. success. Moreover, Gap Inc. focuses on the planning , quality of the merchandise and therefore the distribution also as on the “brand recognition” which keeps the firms curious about entering the market away.

Some of the major competitors of Gap Inc. are “American Eagle Outfitters, Inc., Urban Outfitters, Inc., Macy’s, Inc., Ann Inc., Aeropostale, Inc., and Abercrombie & Fitch Co., H & M Hennes & Mauritz AB and The Buckle, Inc”

METHODOLOGY ADOPTED

The research was based on both primary data and secondary data. Primary data was collected by using questionnaire and secondary data have been collected from journals, websites and so on. The sample size of the research is limited respondents i.e. **200 respondents** A structured

questionnaire was adopted and modified from previous studies on this topic. The sampling method used is non probability convenience sampling. The questionnaire contains two sections: the first section was designed to gather the respondents & personal and demographic information. The second part was designed to gather the responses from the respondents highlighting their preference from buying GAP.

✓ **Research Design**

It is a descriptive and primary as well as secondary data based research study .

✓ **Sampling Design**

The sample has been drawn according to a plan, as it includes the people from different age groups and from different occupations, so that the rate of error should be minimized to the best possible manner.

✓ **Sampling Size**

Sample Size: 200

Target segment/Population: People from all segments of all age groups.

Data Collection Methods

In order to attain the data, there exist 2 main methods:

I. Primary method of collection of data:

Primary data collection methods can be divided into two groups: **quantitative and qualitative.**

a) Quantitative data collection method,

Methods of quantitative data collection and analysis include questionnaires with closed-ended questions, methods of correlation and regression, mean, mode and median and others.

b) **Qualitative data collection method,** on the contrary, does not involve numbers or mathematical calculations. Qualitative research is closely associated with words, sounds, feeling, emotions, colors and other elements that are non-quantifiable.

We have used questionnaires, which have helped us, in collecting the real feedback from the general public. Thus, the questionnaire was developed in order to conduct the research in an effective manner.

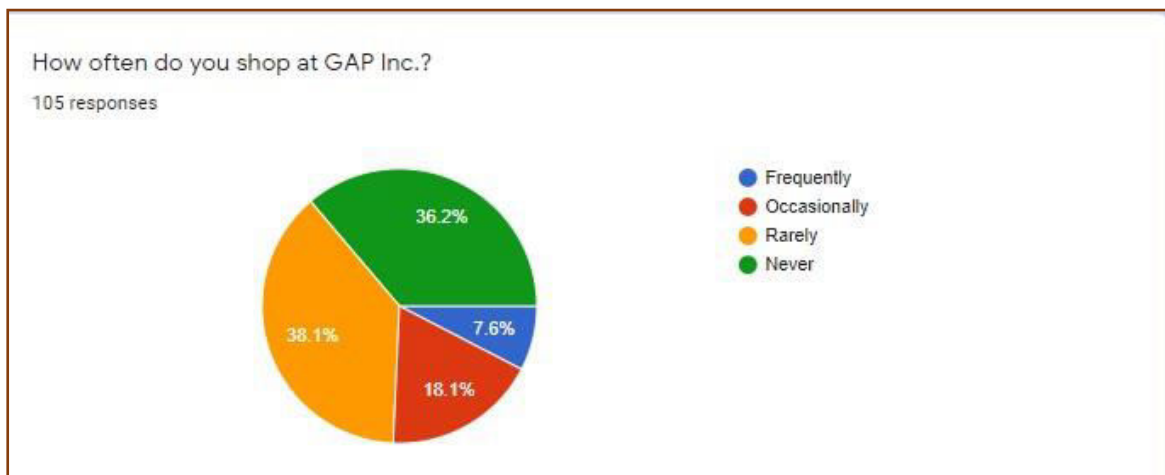
II. Secondary method of collection of data:

Secondary data is a type of data that has already been published in books, newspapers, magazines, journals, online portals etc. There is an abundance of data available in these sources about our research area in business studies, almost regardless of the nature of the research area

Moreover, in this research, **we have used both, secondary as well as primary mode of collection of data, which proves to be sufficient in conducting the whole research in an appropriate manner.**

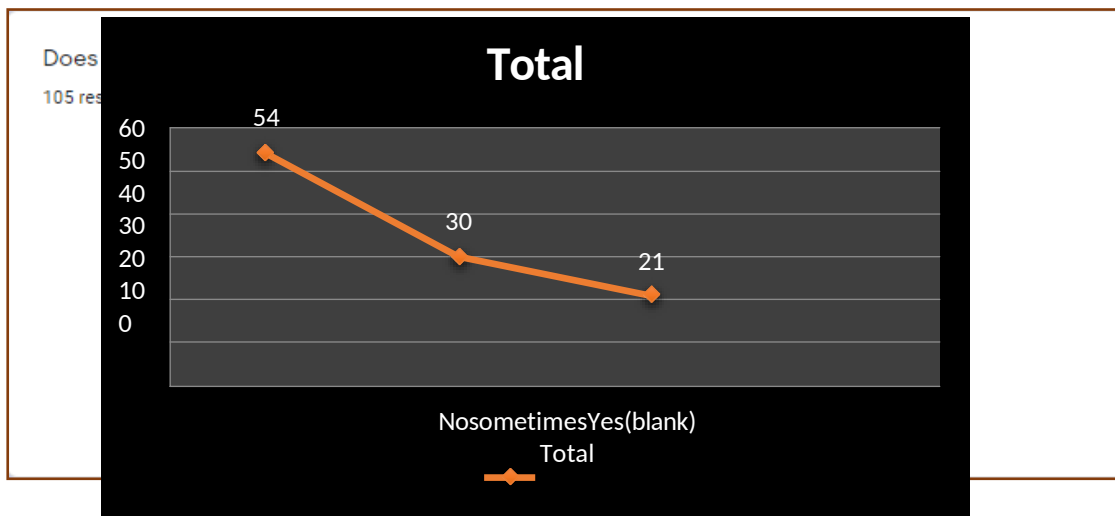
<u>Research Design</u>	<u>Descriptive</u>
<u>Research Method</u>	<u>Survey</u>
<u>Research Technique</u>	<u>Questionnaire</u>
<u>Data Collection</u>	<u>From General Public</u>
<u>Sampling Plan</u>	<u>Simple / Random</u>
<u>No. of Samples Collected</u>	<u>200</u>

How often do you shop at GAP Inc.?



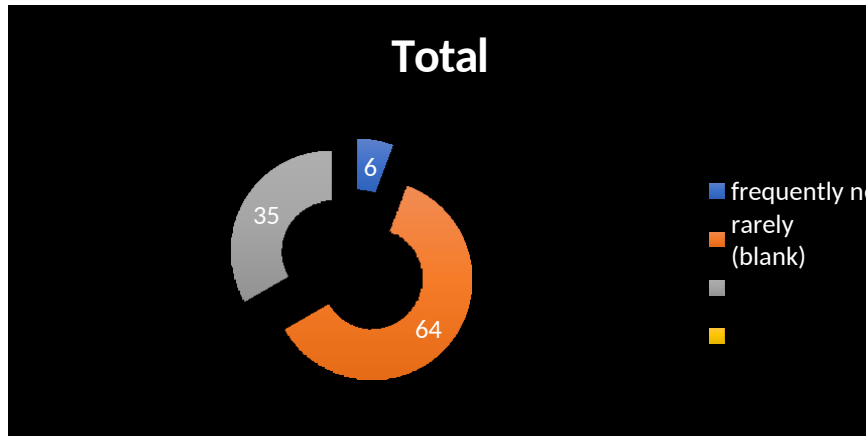
How often do you shop at GAP Inc.?	Count
Frequently	8
Never	38
Occasionally	19
Rarely	40
Grand Total	105

Does your current salary stop you from shopping at GAP Inc.?

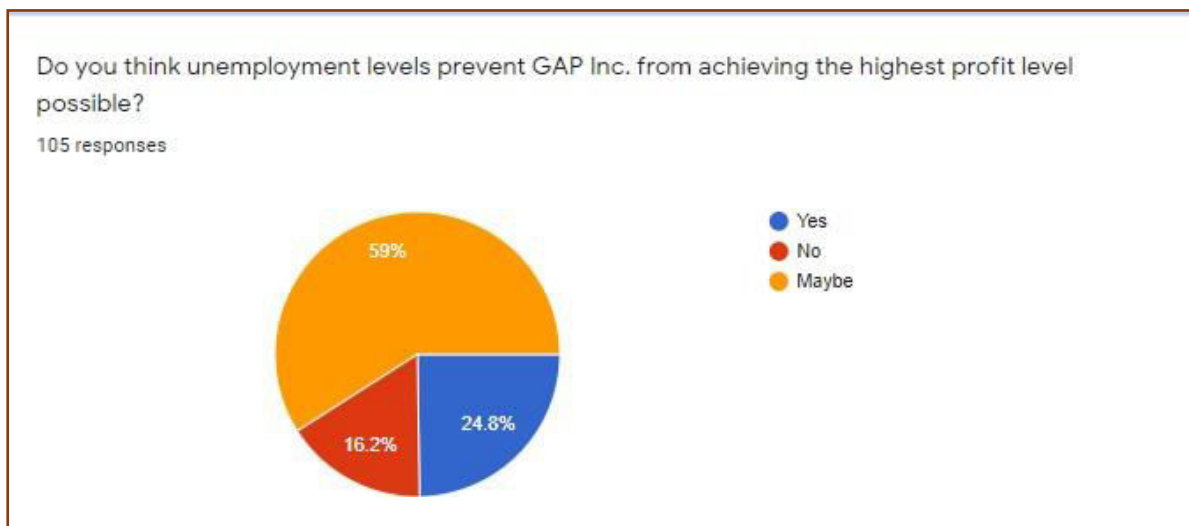


When buying products, do you ever shop online from GAP Inc.

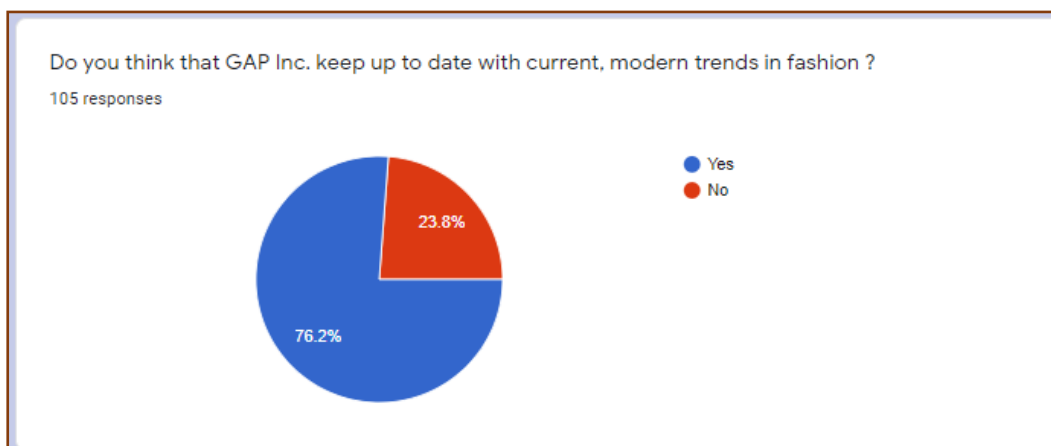


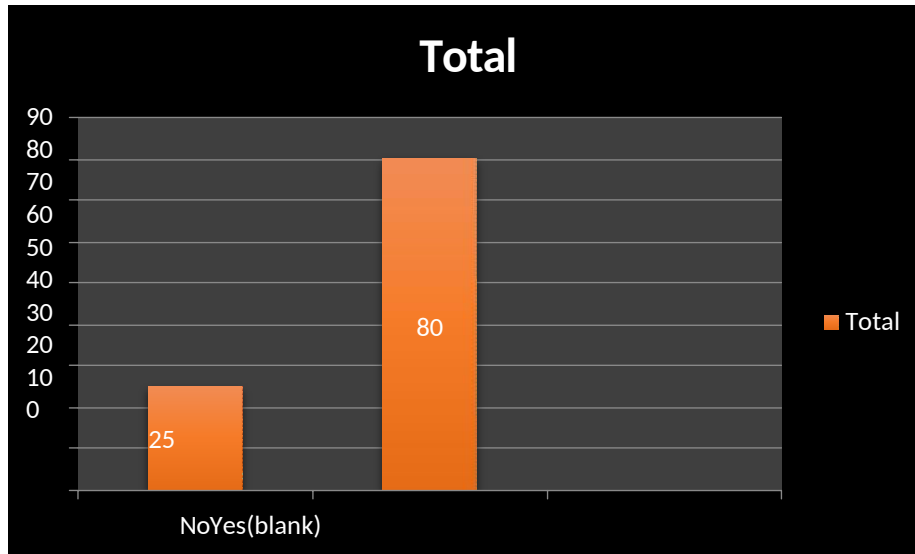


Do you think unemployment levels prevent GAP Inc. from achieving the highest profit level possible?

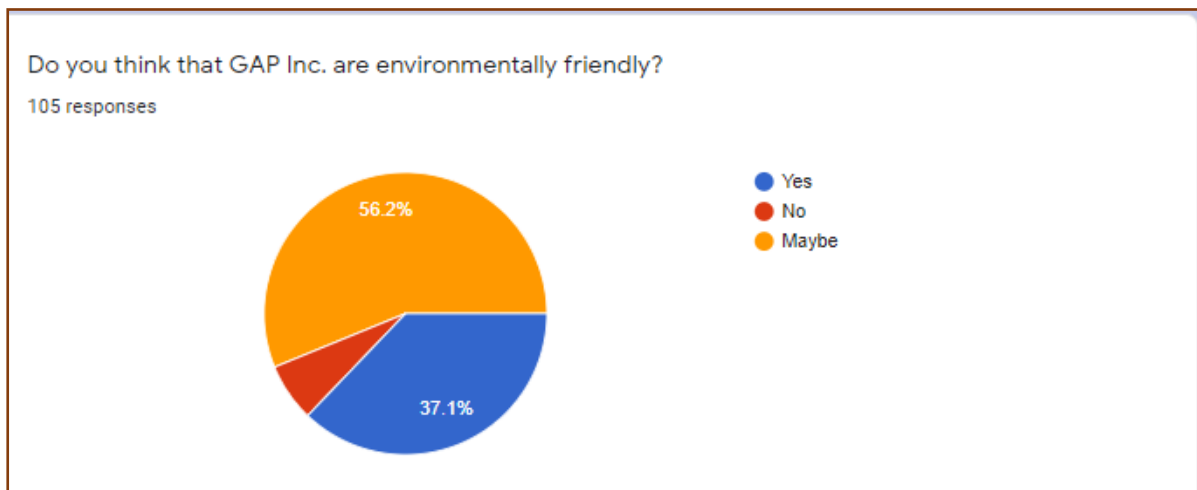


Do you think that GAP Inc. keep up to date with current, modern trends in fashion ?





Do you think that GAP Inc. are environmentally friendly?



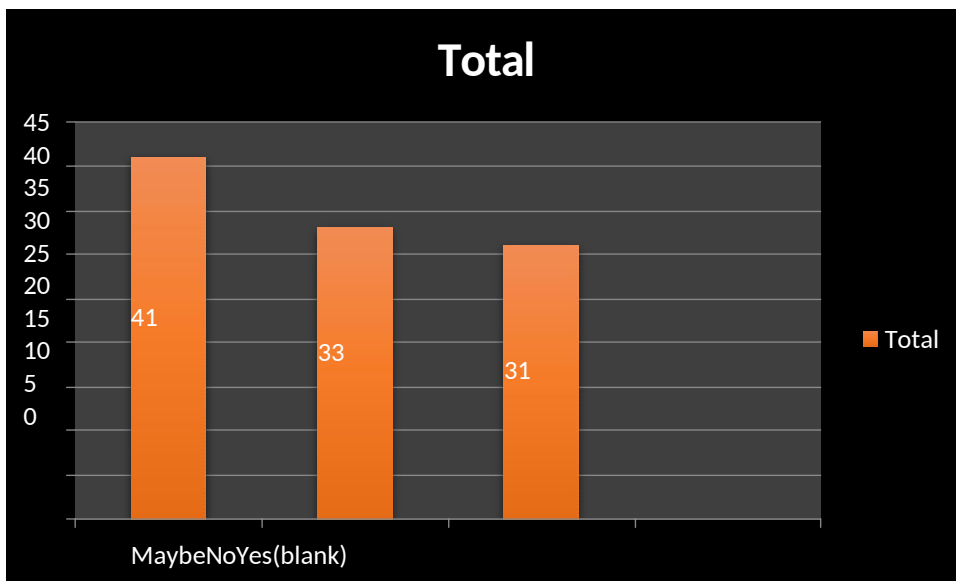
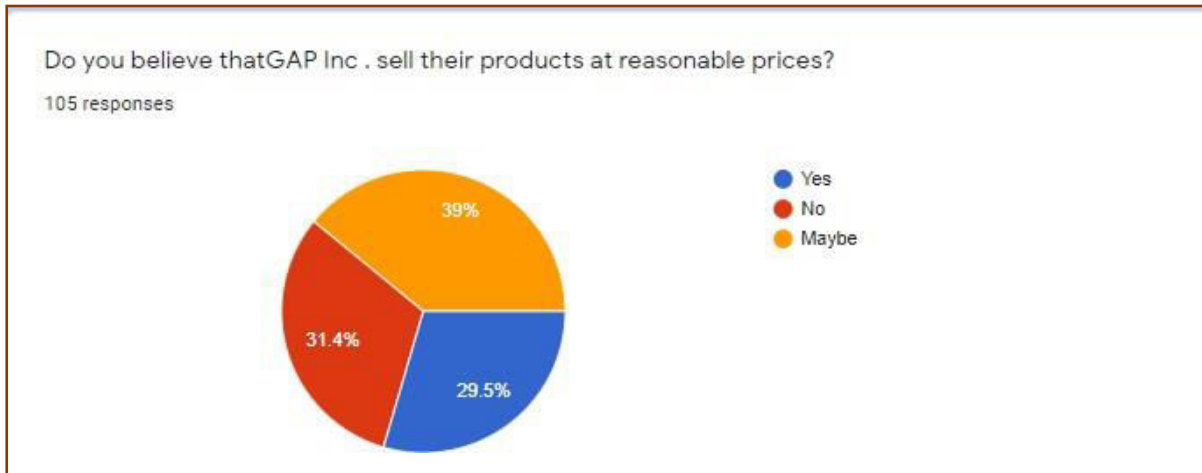
Do you think that GAP Inc. are environmentally friendly?	Count
Maybe	59
No	7
Yes	39
Grand Total	105

In your opinion which company is the main competitor of GAP Inc.?

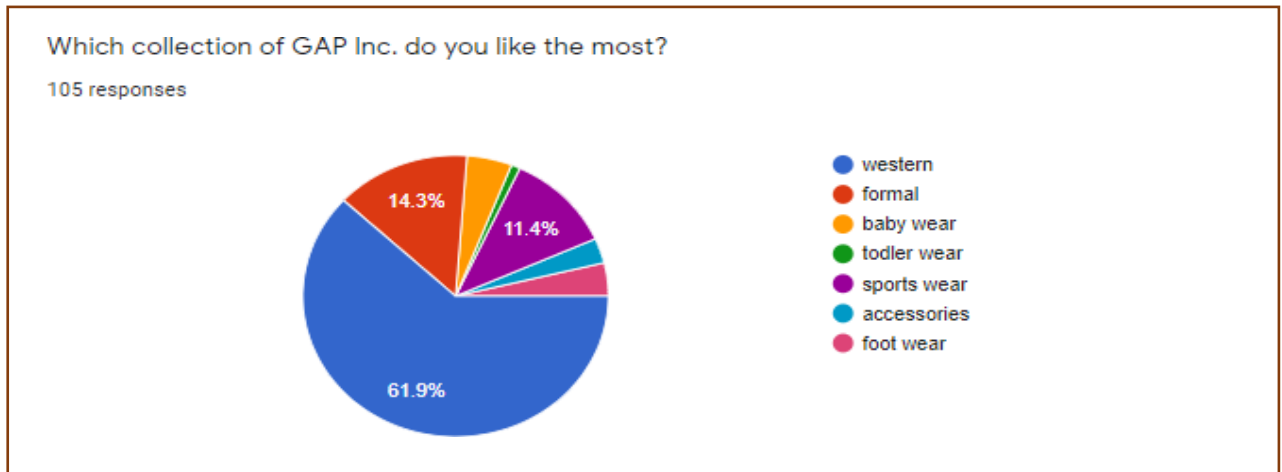
Company	Count
Adidas	1
Allen sholley	1
Amazon.in	1
Banana Republic	1
Biba	1
Boss	1
D&G	1
Diesel	1
Flipcart	1
Flying machine	1
GANT	1
GAS	2
Gbg	1
Gucchi	1
gucci	1
H & M	2
H&M	10
H&M, Zara, Uniqlo	1
J. CREW A ONLINE CLOTHING COMPANY	1
Jack and Jones	1
Kazo	1
Larcoste	1
Levis	5
Levi's	1
Levis	2
Levise	1
M&S	1
Macy's	1
Marks and Spencers	1
May be Zara	1
Next	1
Nike	3
Nike	1
Only	1
Orient craft	1
Peter England	2
Reliance	1
Super dry	1
Super dry	1
Superdry	1
Tommy	1

Tommy hilfiger	3
US Pollo	1
Us polo	1
US Polo Assn	1
USPA	1
Woodland, J&J	1
Woodlands	1
Zara	10
Zara , h&m	1
Zara / HM	1
Zara and forever 21	1
ZARA	1

Do you believe that GAP Inc . sell their products at reasonable prices?



Which collection of GAP Inc. do you like the most?

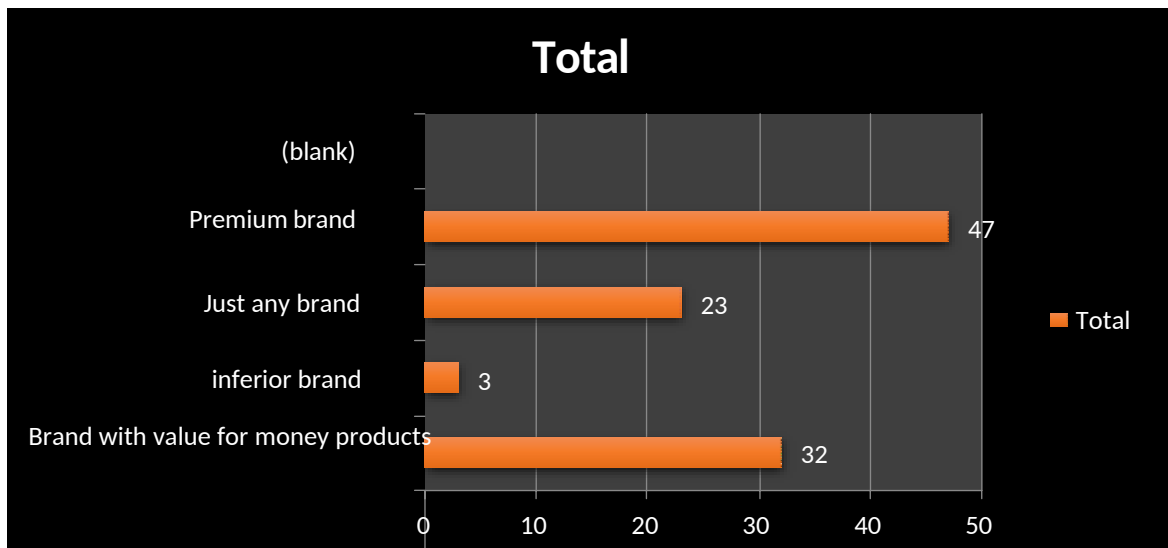
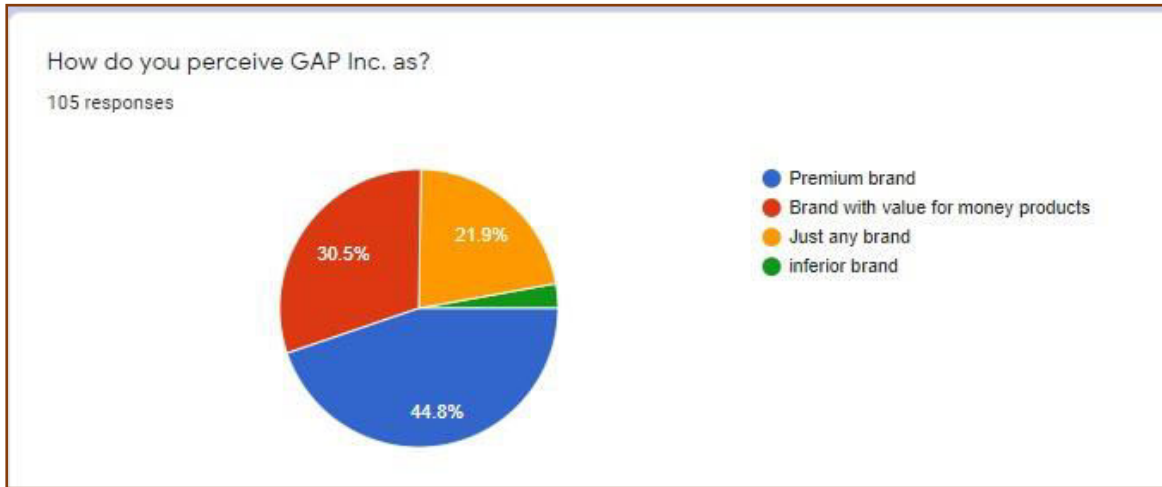


Which collection of GAP Inc. do you like the most?	Count
accessories	3
baby wear	5
foot wear	4
formal	15
sports wear	12
toddler wear	1
western	65
Grand Total	105

Amongst the 4P's of marketing which factor according to you may help GAP Inc. to have a good market share?



How do you perceive GAP Inc. as?



SURVEY RESULTS

As per the previous and latest records of the one among the simplest clothing and food brand everywhere the world the graph of GAP INC. is growing at an honest scale that depicts that folks are satisfied with the brands products and services.

Among the 4 P's of selling

PRODUCT : Out of our research for consumers satisfaction towards GAP INC. , the purchasers are well satisfied and proud of the standard of their products , mostly western wear , trendy clothes and accessories and products that value money. More specifically, it sells “jeans, pants, capris and shorts, skirts and dresses, outerwear, sweaters, shirts and T- shirts, active wear, swimwear, sleepwear undergarment, bags, shoes, belts, socks, hats, weather gear” etc. Those products are trendy and trendy , of top quality and of excellent design.

PRICE: the costs set by the corporate are affordable for the “upper middle class” of consumers. Namely, there's a “moderate wholesale price zone” within the company. For instance, the retail price of a woman's “tank top”, a pair of jeans, and “handbag” could also be “\$16, \$65, and \$200” respectively. On the opposite hand, the retail price of a man's “T-shirt, polo”, and pair of jeans could also be “\$20, \$35, and \$85” respectively. So, consistent with our survey

, this statement also holds partly true.

PLACE : GAP Inc. is trying to form their product reachable to the consumers at great level within the updated dynamic world the corporate has also adopted site based online GAP shopping during which you would like to settle on your favorable item and therefore the company will make an equivalent available to you within a period of 7-15 days. consistent with our survey , people rarely shop online from GAP , in order that they should mention an application also for the sales of their products.

PROMOTION: GAP Inc has established its

brand value so beautifully. But they need to also work a touch on their promotions as consistent with our survey , people rarely shop form the brand.

People in India perceive it as a premium brand. But still the brand uses the social media marketing medium marketing other to be within the top of the market. For promotion purposes, Gap Inc. utilizes “print, television advertising, and billboards”. Moreover, the Gap Inc. collaborates with the Red Campaign, and it utilizes websites so as to extend consumer's awareness about its products. additionally , the corporate improved its marketing campaign “Be Bright” and launched a replacement marketing campaign, called "Dress Normal". This new marketing campaign “includes a series of lush, black-and-white films capturing models within the midst of cryptic scenes that make viewers feel they're caught within the middle of a story”. as an example , in one advertisement “a man breathlessly running up a group of winding stairs as a girl looks down on him from several flights up. The tagline: "Simple clothes for you to complicate.”

CONCLUSION

Gap may be a renowned global brand of apparel and accessories. There are several brands in its portfolio that have their own distinct styles. These brands target different customer segments and offer products for the whole family. Gap's popularity may be a results of its consistent focus upon quality and style . aside from that there's also the facility of selling behind the making of Gap Inc. The brand has continued to increase its line and global presence through acquisition of latest brands. It acquired Janie and Jack in 2019 to increase its presence into the children's segment. Competition within the apparel industry has grown which has led to Gap facing higher pricing related pressure. the corporate is functioning on optimization of its price mix for better results. However, growth would require focusing upon prices, product quality, marketing also as customer engagement.

In conclusion, it's clear that Gap Inc. what the

profile and history of Gap Inc. is which the corporate was able throughout its history to surpass most of the barriers and reach its objectives. the corporate by providing an outsized sort of classy, trendy, casual and affordable apparel it attracted tons of consumers. However, it's still one among the market nichers because it has only 4% of the whole market share of the clothing retail companies. That's why the corporate should make more efforts so as increase its market share.

Their got to be viewed as ethical and socially responsible it's important because the reputation matters for both customers and stockholders, albeit the stockholder's first interest is usually the share's price. Moreover, it might be wise for the corporate to make a uniform brand identity. That is, the five different brands that the corporate has, give consumers more options available to settle on it looks like the corporate it doesn't have a selected brand identity.

RECOMMENDATIONS

- There is lack of brand awareness, brand positioning can be done in developing countries.
- Should make continuous efforts to reduce the cost and make consumer aware about Gap Inc brand by creating its brand image.

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