CREATING A MARKETING PLAN: GAP

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Introduction

GAP was founded in 1969 by Donald and Doris Fisher. The first store was opened in San Francisco, California and it primarily sold Levi's Jeans and LP records. The company had success early on, grossing two million dollars in its second year of business. In 1971, The Fisher's decided to open a corporate headquarters in Burlingame and the company grew considerably moving forward with 25 new locations opened in 1973 (Holcomb, 2017). Presently, GAP is a mass-market moderately-priced apparel retail company that sells accessories and apparel that caters to Men, Women, and Children.

Their mission statement is "to democratize fashion and make shopping fun again. To bring incredible style and quality to families the world over". The key components of their mission statement are improving lives and distinguishing quality (Mission Statement Academy, 2020).

Their vision statement is "creating opportunities for the people and communities touched by our business throughout the world". More than just designing and selling apparel, their initiatives also include global outreach and creating opportunities (Mission Statement Academy, 2020).

GAP's current brand identity is focused on the casual style aesthetic. They call it the "American Optimism" attitude. Its characteristics include clean and confident, comfortable and accessible, and classic and modern. GAP advocates for expressive freedom of individual style that are youthful and infectious spirited. Each characteristic reflects on the long-time iconic GAP logo that features a navy-blue background and the word GAP in big white letters. Their

collections trace back to their denim roots and signature pieces but with a modern twist that would fit in every individual's wardrobe (Gap Inc., n.d.).

Evaluation and Brand Audit

GAP was doing tremendously well since its establishment in 1969. It expanded rapidly as they went public in 1979, acquired Banana Republic in 1983, launched GAP Kids, GAPBody for intimates/athletic apparel and BabyGAP for baby apparel in 1986, opened a GAP store in London to tap an overseas market by 1987, hiring Mickey Drexler as CEO to upscale identity, and launching Old Navy in 1994. However, in 2002 Drexler was removed as CEO after 29 months of plummeted sales and this was the first indication in the company's history that things could go downhill moving forward (Biron, 2019).

In 2006, GAP was among many retailers that received backlash for poor working conditions in overseas factories. In that same year, GAP also launched multiple failed retail concepts such as Piperline (online retailer, closed in 2015) and Forth & Towne (retail concept targeting women 35+, closed after 18 months). In 2011, GAP announced they would close 189 stores by 2013 to focus on e-commerce due to low foot traffic in malls. Ironically, they went back to focusing on expanding by acquiring Intermix in 2013, launching Hill City in 2018, and acquiring Janie & Jack in 2019. Despite closing stores and making further expansions, sales were still down, so GAP announced they will be making their star brand Old Navy an independently run brand in February 2019 (GAP decided they will not make Old Navy an independent brand in January 2020). Shortly after, long time CEO Art Peck stepped down due to undisclosed reasons in November 2019, and GAP still has not found his replacement. Due to all the events in 2019, the Fisher's lost 1 billion dollars that year and the future is filled with uncertainty (Biron, 2019).

After GAP announced that it decided to make Old Navy an independently run brand, Business Insiders Bethany Biron decided to evaluate a GAP store in Manhattan's Financial District 3 months after the announcement. Prior information she gave upon visiting the store was that GAP's first-quarter sales declined by 10% and CEO Art Peck's explanation to investors was filled with numerous excuses until he acknowledged that the main issues of first-quarter sales declines were due to inventory issues and lack of foot traffic. Upon entering the store, Biron was greeted by a yellow 50% off sign and a store associate that made sure every customer that walked in knew about the sale. Biron noticed a lack of variety in the women's styles and described them as unappealing and stale. Peck even acknowledged a similar problem that Biron mentioned during a GAP's earnings call as he said, "the team identified that our product offering was too narrow and lacks diversity in silhouette, print, pattern, and color". The overall store was just disorganized and confusing as the center of the store had an assortment of clearance items that consisted of assorted intimates, loungewear, and athletic apparel; the sale section was mixed in with GAPfit products; BabyGAP products had so much inventory that were just sitting; and yellow and red sale signs were placed in random places all throughout the store (Biron, 2019).

Upon auditing GAP's history using both quantitative and qualitative data, the main reason that GAP has not been successful in its recent year is because of its lack of appeal in its GAP products that led to sales declines and repeated rapid expansion initiatives. From its establishment in 1969 to about 1999, everything was going really well until the 29-month drop in sales that led to the departure of former GAP CEO Mickey Drexler. Instead of focusing on the current sales problem with their GAP stores, they continued their focus on expanding by launching new brands and acquiring other brands. That led to their announcement in 2011 of

closing 189 GAP stores to shift the focus on e-commerce. However, despite GAP making that announcement, they went back to expanding. GAP's attempt to counter the sales problem by relying on expansion has led to the closing of another 230 stores (losing 625 Million annually) and the departure of CEO Art Peck in 2019 (Peterson, 2019).

Positioning Strategy (What, Reason, Who, Against Whom)

The benefits of GAP according to their mission statement is improving lives through incredible style and quality for all people, hence democratizing fashion. Customers will be wearing a modern portrayal of an iconic American style of superb quality that dates back to GAP's denim roots and signature pieces. GAP's purpose according to its vision statement is to create opportunities for people and communities where their businesses reach (Mission Statement Academy, 2020). They value environmental protection, diversity, inclusivity, and equality. They are in business to improve lives through their iconic American style, and in order for GAP to accomplish that, they create opportunities for people of diverse backgrounds to improve creativity and innovation (GAP Inc., n.d.).

GAP's way of improving lives through incredible style and quality for all people is done through their core values of serving the world, prioritizing customers, respect, and innovation (Mission Statement, 2020). Their 'GAP for Good' initiative is their commitment to saving the planet while also being innovative. Included in the GAP for Good initiative is the Washwell™ Program, partnering with the Better Cotton Initiative (BCI), and the Personal Advancement & Career Advancement Program (P.A.C.E.). The Washwell™ Program helps reduce water usage by 20% to preserve clean water in local waterways, partnering with the BCI helped GAP source over 234 million pounds of Better Cotton since 2016, and the P.A.C.E. program gives women

who make GAP's clothes an education program to advance in work and life (GAP Inc., n.d.). These factors contribute to their core values which leads to their benefit of improving lives through incredible style and quality for all people.

GAP caters to all people as they have categories for men, women, and children. Their target market is very broad as they target consumers between the ages of 3-45 that are both male and female. Their occupations can either be students, employees, or professionals. Their personalities are easy going and they seek cost advantage and self-expression. They are from either the lower/working/middle class and their lifestyle are either strugglers, aspirers, or explorers (Dudovskiy, 2016). Therefore, GAP uses personalized digital advertising to target different generational cohorts. The data science team at GAP created a sophisticated marketing tech stack that used first-party and third-party data in its customer data platform to personalize ads based on the data from the viewers (Sonsev, 2018).

GAP's competitors are J. Crew, Uniqlo, and Zara. GAP is a casual style apparel retail company that caters to all ages. J. Crew, Uniqlo, and Zara and also in the casual style brands that are in the same market space. J. Crew was established in 1947 and caters to men, women, and children. They are known for their preppy fashion items that are sold to young professionals (Vault, n.d.). Uniqlo was established in 1949 originally as a textile manufacturer and is presently one of the top fast-fashion retailers in the world. They have over 1000 stores worldwide and also cater to men, women, and children (Uniqlo, n.d.). Zara was established in 1974, and like Uniqlo, they are one of the top fast-fashion retailers in the world. Zara has over 6500 stores in 88 countries and caters to men, women, and children (Success Story, n.d.). According to Forbes (2015), GAP was losing its market share to the fast fashion brands despite being one of the

biggest players in the apparel industry retailer. Fast Fashion brands such as Forever 21 took a significant percent of the apparel industry in the post-Great Recession years. Consumers were moving away from more expensive less appealing casual clothing to more affordable trendy fast fashion. Forbes projects that GAP's market share will continue to fall.

Growth Strategy: Co-Branding

A growth strategy that GAP can implement for its private label is co-branding. According to Hameide (2011), there are four growth strategies that are relevant to fashion brands: licensing, global expansion, brand extensions, and co-branding. Given GAP's history, they have done too much expanding since their very beginning and I strongly believe that rapid expansion is what caused them to be in this position today. Licensing definitely would not make sense right now; despite GAP having the iconic GAP logo that was very successful for them during their inception, post-Great Recessions years have caused GAP to lose their market share to affordable appealing styles from fast fashion brands. Lastly, brand extensions would not be ideal at this moment due to it also being a form of expanding their target market; they need to narrow down their current broad target market to boost sales. Therefore, co-branding with other brands to narrow down a target market to boost sales will possibly spark some ideas for GAP to gain its appeal back.

The Branding Process Proposal: New Positioning Strategy

The new position strategy that will be used for the upcoming Fall 2020 is narrowing down the target market and relaunching the brand through co-branding. GAP's target market is very broad and as I stated earlier about Biron's GAP store visit; BABYGap products were not selling and there was an abundance of inventory. GAP also has subsidiaries that have target

markets that overlap with the GAP private label target market. Examples are Old Navy being GAP's lower scale budget friendly brand that targets families; Banana Republic being GAP's upscale brand that targets young professionals; Athleta being GAP's athleisure wear brand that target active women; Intermix being GAP's trendy style brand that targets young professional women; Hill City being GAP's premium men apparel brand that targets active men; and Janie and Jack being GAP's fashionable childrenswear brand that targets parents (Gap Inc., n.d.). The new target market should be focused on the area where casual style clothing will sell greatly. The new target market should be people between the ages of 16-30 that are either students or employees in the working class.

GAP has been around since the 1969 and gained popularity quick with their iconic GAP logo. However, in the last ten years, they have lost market share due to brand irrelevance. GAP's reliance on its previous successes has made their brand irrelevant in the current world of trendier clothing. The GAP logo will always have its iconic reputation, but poor management has caused the brand to be irrelevant. GAP and GQ have come together in the past to launch the "Coolest Designer on the Planet" from 2012 to 2018. Years 2012 to 2017 were about collaborating with the coolest new menswear designers in America, and the final year was collaborating with established international menswear brands such as Balmain, Dsquared2, Officine Générale & MSGM to give a designer's twist on GAP's logo sweatshirt (Hypebeast, 2018). I believe GAP did not benefit from these collaborations because those one-time collections were designed by new up and coming designers for GAP. It gives those designers exposure through GAP's platform, but GAP does not get much benefits other than praise for providing this opportunity to these designers.
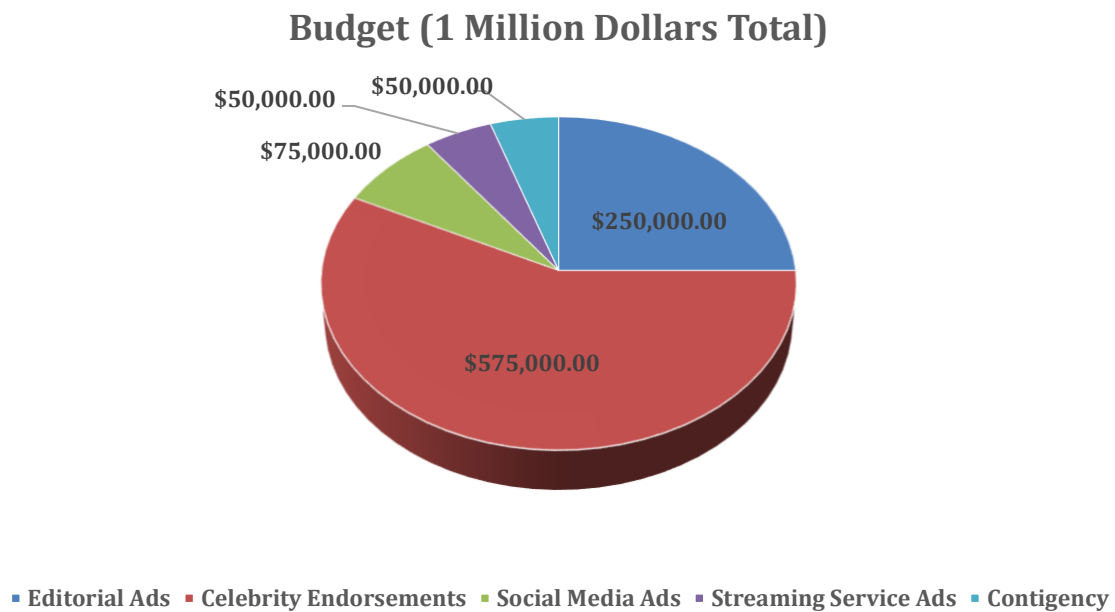
Recently, GAP announced that will be collaborating with Telfar in 2020. Telfar is brand established by Telfar Clemens in 2005. Telfar clothes are unisex and the slogan is "Not for You, for Everyone". Clemens also won the C.F.D.A/Vogue Fashion Fund award in 2017 and used the money from that award towards his production of the Telfar Shopping Bag—Telfar's best-selling item (Witt, 2020). I believe this co-branding will benefit GAP because Telfar's slogan is similar to the objectives of GAP's. The buzz Telfar has recently been generating can potentially make GAP relevant again through this upcoming collaboration. After this collaboration, hopefully GAP can understand why Telfar has been buzzing, and relaunch in the Fall 2020 with trendier clothing for a narrower target market.

Marketing Initiatives

For GAP's Fall 2020 brand relaunch, I propose to use Editorial Ad Campaigns, Celebrity Endorsements, and Digital Advertising. Since the target market is narrowed for the brand relaunch, the ages fall into the Gen Z's and Millennials cohorts. According to Y Pulse (2017), magazines that Gen Z's and Millennials regularly read are People, Time, and Cosmopolitan magazines. I propose to use put the editorial ads in these magazines due to its readership by the two groups. A celebrity endorsement that GAP would use is Taylor Swift, according to a recent survey by Y Pulse (2019), the most popular celebrity among 13-37 year old's is Taylor Swift. She is a millennial herself and has one of the most followed Instagram accounts (131 million followers) in 2020. Lastly, digital advertising mediums that GAP should use are streaming services such as Hulu, Sling TV, and YouTube TV; social media platforms such as Facebook, Instagram, YouTube, Snapchat, and TikTok. According to Diaz (2020), viewership of streaming services has been up 85% since the beginning of quarantine. Millennials and Gen Z's use

streaming services the most among all generational cohorts, therefore streaming services as a

medium during this current time would be ideal. Facebook is the most used social media

platform among Millennials and Instagram is the most used among Gen Z's, followed by

Snapchat and YouTube for Gen Z's (Marketing Charts, 2020). Advertising on these social media

platforms with GAP's sophisticated marketing tech stack would induce interest.

Budget (1 Million Dollars Total)

$50,000.00

$50,000.00

$75,000.00

$250,000.00

$575,000.00

■ Editorial Ads   ■ Celebrity Endorsements   ■ Social Media Ads   ■ Streaming Service Ads   ■ Contigency

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