

The Analysis of the Marketing Strategy of Kering Group

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Abstract: Luxury is now defined internationally as a unique, scarce consumer good that is beyond the scope of people's existence and is known as a non-essential item. Because of its scarcity and uniqueness, there is always a group of people in life who are obsessed with buying the hottest and latest items of the moment. They share details, photos, and more on social media. This article evaluates three marketing strategies used by the Kering Group, biodiversity strategy measures, diverse business strategy, and Sustainable Development Strategy. Developing sustainable development strategy and biodiversity strategy measures not only enhances its reputation but also effectively protects the environment. In the past, many consumers often associated environmental pollution with fashionable clothing. There is no denying that fashion clothing does have a significant impact on the environment. According to statistics, the fashion industry has been found to be responsible for 10% of global greenhouse gas emissions and it is one of the four largest sources of pollution in the world. A diverse business strategy can not only diversifies risks but also bring more consumer experience to consumers.

Keywords: Kering group, marketing strategies, environmental pollution, fashionable clothing

1. Introduction

Consumers recognize luxury goods because they have a sense of richness and luxury value. Luxury brands have positioned their markets at the top end of the market in line with their own brand positioning through brand history, culture, design, and manufacturing. The firm chosen for this article is Kering group, the world's third largest luxury goods group, which owns many well-known luxury brands. This article firstly introduces the founder of the Kering Group, and its history. Secondly, it compares the financial figures for the first half of 2022 as well as 2021 for the KAI Group, which are an upward trend.

Then it explains the three marketing strategies of the Kering Group, which are biodiversity strategy measures, diverse business strategy, and Sustainable Development Strategy.

This article illustrates that social media is a good venue for consumers with a desire to share. It also illustrates the importance of social media to the development of the Kering Group. Followed by an analysis of consumer psychology and behavior, and finally a swot analysis of the Kering Group.

The remainder of the article is organized as follows. In Section 2, the article describes Kering's development and financial condition. Section 3 presents the market strategy of this firm. Section 4 shows the SWOT analysis and finally, the article summarizes the work in Section 5.

2. Kering Description

2.1. Overview

In 1963 Francois Pinault founded Les Etablissements Francois Pinault in France, initially as a small timber company. As he expanded, he began to acquire undervalued and small companies in order to expand his timber business. In 1988, the company was listed on the Paris stock market and in early 1990, Francois Pinault acquired a French department stores chain called Au Printemps SA, which paved the way for the luxury goods group. With the addition of Au Printemps SA in 1994, Les Etablissements Francois Pinault was officially renamed Pinault-Printemps-Redoute. In 1999, Pinault-Printemps-Redoute acquired Gucci and got a 42% controlling interest, and in 2004 completed a 99.4% stake in Gucci. This was Pinault-Printemps-Redoute's first investment in luxury business. More acquisitions of luxury companies followed to consolidate its position in the luxury business. These included brands such as Yves Saint Laurent, Balenciaga, Sergio Rossi. In 2013, Pinault-Printemps-Redoute changed its name to Kering, reflecting Kering's desire to meet the needs and interests of its customers [1].

2.2. Finance Analysis

As shown in table 1, the Kering Group generated total revenues of around 9.93 billion euros in the first six months. Compared to the same period in 2021, revenues increased by 23%. Gucci, the headline brand of the Kering Group, accounted for 52% of the Group's total revenues at 5173 million euros. Yves Saint Laurent, Bottega Veneta, and Other Houses all showed an upward trend. Despite the fall in the euro against the dollar this year, this did not affect the revenues of Yves Saint Laurent, Bottega Veneta, and Other Houses. This represents an increase of 42%, 18%, and 32% respectively compared to the same period in 2021. This was despite some negative impact on net profit per individual product. At the same time, however, this has led to a continued increase in sales, which is closely linked to the decrease in the price of each individual item as a result of the lower exchange rate [2].

Table 1: Kering Group's financial condition.

Million euro	First six-month revenue (2022)	Percentage of revenue (2022)	First six-month revenue (2021)	Change(%)	Change(amount)
Gucci	5173	52%	4479	15%	694
Yves Saint Laurent	1481	15%	1046	42%	435
Bottega Veneta	834	8%	708	18%	126
Other Houses	1955	20%	1485	32%	470

3. Kering's Marketing Strategies

Kering has three main strategies. Firstly, for the first time in 2020, the Kering Group published its biodiversity strategy measures. Together with the non-profit international conservation organization to establish the Association of Natural Regeneration Funds. The aim of the fund is to help the fashion industry involving leather, cotton, and other supply chains to complete a sustainable

transformation of the land, providing greater support for more creative and development-ready projects. According to Marie-Claire Daveu, "This is the next step in the Regenerative Fund for Nature's development and is a crucial component of our ambition to create a beneficial influence on the environment by 2025.

The initial projects sponsored were chosen from a very good pool of proposals, and other strategies are being investigated for supporting more initiatives to maximize their beneficial environmental effect and lessen the harm the fashion industry chain causes [4]. For example, Gucci has not only optimized sustainable materials in its clothing collections as well as many renewable energy sources but is also actively promoting a supply chain transformation that has a positive impact on biodiversity [5].

Secondly, sustainability is also one of Kering Group's key strategies. Through its supplier-training platform and numerous artisan training programs, Kering works to maintain its rich tradition. It also promotes workplace diversity and aspires to be an exceptional employer by providing a dynamic and supportive work environment [3].

The third is a diverse business strategy that includes sectors like subscription-based consumption, Meta Universe, and NFT in addition to the resale market that the Kering Group is testing. The Kering Group is still open to the usage of cryptocurrencies notwithstanding the notable price swings seen recently. Grégory Boutté believes that the use of cryptocurrencies will be used by more and more people in the future [6]. It will become one of the fundamental technologies in the future. At the same time, it brings a better consumer experience to more customers who use cryptocurrencies. Although the Kering Group is looking forward to the widespread use of cryptocurrencies, the ownership of NFT and cryptocurrencies is not a common phenomenon at the moment and is still very new to most people.

3.1. Social Media

Social media is becoming more and more important for business. More and more people are choosing to share their shopping experiences on social media platforms, such as sharing pictures, sharing product tips, and so on. Social media gives consumers a place to share and they can freely share their experiences on social media [11]. The experiences can influence the decisions of other consumers to vary degrees. Because consumers can get product information, product prices, etc. from social media. In addition, the influence of spokespeople on social media is particularly important. For example, Saint Laurent has partnered with the popular Korean actress Rose to post a video of Rose wearing high heels and a photo ad on its official social media page [7]. Afterward, a lot of notes were posted on the Chinese social media app small red book about the purchase experiences spread by Rose. Many consumers even bought Saint Laurent products for the first time. Through the spokesperson's influence on social media, Saint Laurent not only connected with its audience to understand its target audience but also had more opportunities to convert potential customers into actual customers. By sharing personalized information on social media, Kering Group is also interacting with and influencing the core younger generation of consumers' purchase decisions. Investment in digital marketing has been stepped up, with a focus on improving direct consumer connection through social media and other platforms and even broadening online consumption channels.

3.2. Consumer Behavior and Consumer Psychology

The companies of the Kering Group are mainly luxury goods. And there are two main groups of people who buy luxury goods. The first type is those who really have the ability to buy luxury goods. These people are often high-income people, and buying luxury goods is a normal

consumption for them. and it is their disposable expenditure apart from their living. From a sociological point of view, luxury goods are objects of the aristocracy, which symbolize status, identity, and power. They believe that luxury goods satisfy their instinctive needs. For example, people who buy Gucci are usually representatives of high social classes, including businessmen, senior white-collar workers, and other highly paid representatives. They desire the prestige and status that comes with owning a Gucci product. The second group of people is the younger ones who want to buy luxury goods even if they are frugal. This group of consumers does not have enough luxury spending power, but they aspire to luxury. They seek luxury not just as an object, but as a dopamine release, an identity, and self-approval. They derive satisfaction from the exclusivity, rarity, and quality of products [8].

4. SWOT Analysis of Kering

4.1. Strengths

As the world's third largest luxury group, Kering has a clearly delineated structure, although it has many luxury brands. It is divided into two corporate brands, the Kering Group, and the brand portfolio. Each Kering Group brand has a unique positioning and strategy. For example, watches such as Boucheron, Gucci, and Ulysee Nardin are all part of the Kering Group. Each portfolio brand has a structure that enables it to establish, design, and carry out a distinct brand strategy [9]. Kering also has strong partners. In 2021, a global logistics center has been created in partnership with a world-renowned provider of logistics and transport services. The new logistics center is equipped with cutting-edge technology and automation to solve the problems of extended delivery times caused by the spread of e-commerce under COVID-19 [13].

4.2. Weakness

The increasing focus on Gucci has led to an increasing share of Gucci's operating revenue in total operating revenue. As the chart above shows, Gucci accounted for 52% of Kering's total revenue in the first half of 2022. Gucci's high operating revenue is good for the Kering Group, but Gucci's operating revenue growth is not what it used to be. This creates further uncertainty for the future of the Kering Group.

4.3. Opportunities

More input from social media and an e-commerce business model could help Kering Luxury to build partnerships with regional suppliers and logistics service providers in global markets. Growth in social media can assist Kering Luxury in lowering the cost of entering a new market and reaching clients with much less marketing spending. At the same time, social media can also increase awareness and pave the way for future growth in web traffic [10].

4.4. Threats

China is currently the number one consumer of luxury goods. The Kering Group is gradually putting its focus on the Chinese consumer market. However, as trade relations between the US and China become further strained, this could lead to increased international trade friction and the risk of increased labor [10-1]. In addition, as environmental laws are becoming stricter in developed countries, governments are imposing higher taxes to promote environmental improvements. As a result, the Kering Group will spend more on packaging costs as well as shipping costs [13].

5. Conclusion

In general, the Kering Group is the third largest luxury goods group in the world, and this is due to its marketing strategy and the proper use of social media. They collaborate with famous designers and celebrities to attract more attention. Through the use of social media, photos, and sharing of purchases, consumers can choose their favorite products according to their size and style. Based on the SWOT analysis, the author finds that Kering has a clearly delineated structure, although it has various brands. But one of the famous brands named Gucci does not perform well in revenue conditions. Besides, lots of input from social media and an e-commerce business could help Kering Luxury increase. And the Chinese consumer market's potential risk would lead to a threat due to trade friction.

In addition, the drawback of this paper is the lack of samples and the lack of samples has limitations. Having consumer examples will give a more realistic picture of consumer psychology and behavior.

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