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Competitive Advantage of Gucci

Competitive advantage is an edge a company has over its competitors. Companies generate sufficient value for their shareholders and the firm, through generations of more sales and having a higher customer retention capacity. The two types of competitive advantages are differential advantage and comparative advantage. The comparative advantage is the production of products or services by the firm at a lower price less than what the competitors cost of production. On the other hand, differential advantage becomes beneficial to the firm when it produced or creates unique products compared to its competitors. Aspects of competitive advantage are namely, great marketing techniques, greater network of distribution systems, suitable pricing and social focus.

Gucci or House of Gucci is an industry of leather luxury goods positioned in the market as a high end product. According to Gydé, McIntosh, Rosin, Melin and Götsch, (2014), Gucci is an Italian brand fashion label owned by PPR French Company, it has direct operational stores totaling to 376 with 8,249 employees. Their business description is cool and responsible and their value is derived from their craftsmanship. Gucci brand luxury competitors include Louis Vuitton, Tiffany, Bulgari, Chanel, Polo Ralph Lauren, Christian Dior, Givenchy and Hermes, etc. (Cool, 2002).

GREAT MARKETING AND CELEBRITY PROMOTION STRATEGY
The greatest competitive advantage Gucci has over its competitors’ is a great marketing strategy. Marketing is the process of stimulating sale of a business product through identification, promotion,
presentation and satisfaction of customer needs. According to Cool (2002), Gucci associates with celebrities i.e. Beyonce to promote their brand. There is a higher mass media appearance and magazines publications due to Gucci fashion end products celebrity tie-ins. (Gydé, McIntosh, Rosin, Melin and Götsch, 2014). The constant close association with mega stars promotes global marketing of its products and close association by its customers. It gives a high competitive advantage than its competitors who are less likely to choose celebrities like a marketing strategy.

COMPARATIVE DISTRIBUTION SYSTEM
Next competitive advantage, Gucci utilises a comparative distribution channel system. Distribution system comprises of methods, procedures and facilities necessitated by the business to ensure the free flow of products from the producers through intermediaries and to the final consumers. Gucci comparative distribution offers the benefits of interrelationship among product intermediaries. According to Gydé, McIntosh, Rosin, Melin and Götsch, (2014), the allure, exclusivity and direct wholesale door presentation of Gucci brands to customers offers it a competitive advantage over its competitors.

FLEXIBLE PRICING METHOD FOR ITS LEATHER PRODUCTS
Competition level or competitor’s price is one of the main factors that influence pricing strategy. Gucci provides flexible pricing approach due to the high intensity levels within other leather brands and utilises psychological pricing method [below marketing pricing] (Cool, 2002). Gucci cost position attracts premium vendors and designers to partner with them at a lesser cost, promoting cost prices for Gucci leather products.
ENVIRONMENTAL SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

According to their company global strategy, Gucci take seriously the aspect of Eco-conscious and Corporate Social Responsibility (CSR). According to Gydé, McIntosh, Rosin, Melin and Götsch, (2014), Gucci as introduced and utilizes a 100% recyclable packaging, recycled metal and biodegradable plastic. Under corporate social responsibility, Gucci charity faces are sometimes associated with strong women i.e. singer Beyoncé, actor Salma Hayek and Gucci Director Frida Giannini who promotes women empowerment, health, education and social rights (Gydé, McIntosh, Rosin, Melin and Götsch, 2014).

In conclusion, high competitive advantage strategy involves outperforming its competitors through good marketing techniques, comparative distribution process, and suitable cost positioning and being environmental friendly and being corporate social responsible.