



CASE STUDY

How can artificial intelligence solve the Gap brand crisis?

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Gap hooded sweatshirt as worn by
WHOOPI GOLDBERG, actress



Introduction

Retaining clients could be one of the most challenging tasks facing retailers.

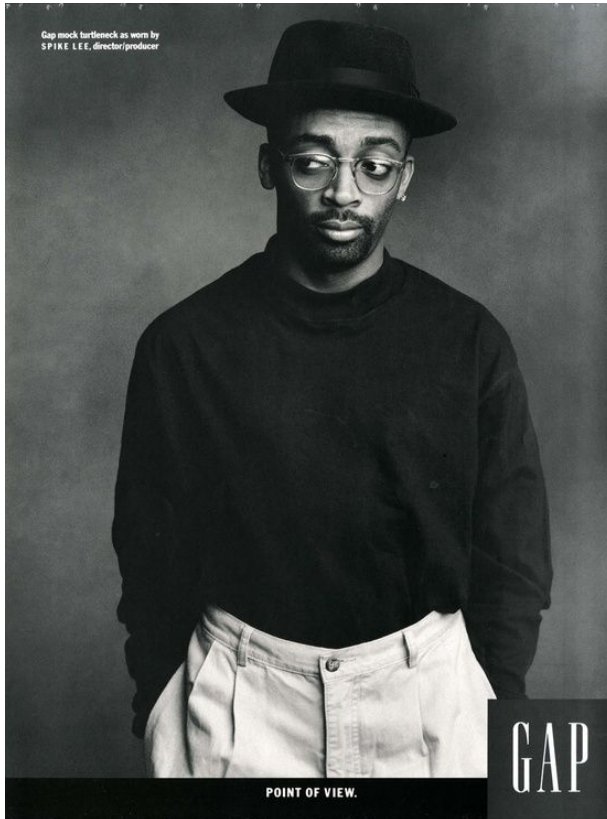
Once one of the major American fashion players, Gap has suffered for years from an identity crisis. Lagging behind cheaper fast fashion brands and having missed trend opportunities like the sporty athleisure wave, the mid-range apparel brand has had serious difficulties connecting with the children of its former customers, millennials.

Luckily, there is a way for the premium brand to fix its dropping sales. By addressing more relevant offerings thanks to artificial intelligence, the American fashion brand could learn to successfully retain its clients.

Through visual recognition on Instagram, retailers can get to know their client's habits and common product associations.

As a result, the brand could capitalize on the resurgence of the 90's silhouette and reaffirm its original identity: knowledge of "the generation Gap".

Gap: Forging an inclusive American fashion pioneer



In **1969**, a fashion retailer opened in San Francisco under the name “Pants and Discs”.

The initial concept was to provide a large array of brand name, fitted pants (including Levi’s), sorted by size, to young Californian hippies, among record racks.

Eventually, the name changed to “The Gap”, chosen to sum up the “generational gap” between idealistic, flower power hippies and the pragmatic generation X, also dubbed “the greatest generation”.

In **1973**, Gap Inc evolved from a distributor profile to a genuine brand, selling its own jeans and soon adding a full range of basic items (like tees and hoodies).

Appointed in **1987**, former J. Crew CEO, Millard “Micky” Drexler, brought skyrocketing success to Gap Inc during the 90’s.

He built a lifestyle brand around a business casual, cool look capable of seducing coming of age Generation X workers.

Gap’s utilitarian vision of upper middle class fashion was both inclusive, optimistic and mostly focused on the people.

Under his tenure, there were two notable campaigns: “Individuals of style” in **1988** and “Who wore khakis” in **1993**, both shot by Annie Leibovitz.

Their TV commercials also created a huge buzz when introducing their cords with a diverse cast of swinging dancers moving in Gap pants. As a result, sales jumped 30% from **1991** to **1992** and a 39% growth rate was recorded in **1999**.

Most of all, the brand was the first to democratize ready-to-wear runway looks ahead of fast fashion’s heyday.

«The brand was the first to democratize ready-to-wear runway looks ahead of fast fashion’s heyday »

Gap: An American fashion identity crisis losing the attention of millennials

Gap Inc's downturn was concomitant with the trendier and cheaper fast fashion player expansion.

In **1999**, fast fashion brand, Zara, beat Gap in terms of sales and effectively became the leader of fashion distribution. If the 90's were the decade of Gap, the **2000's** were the golden age of Zara and H&M.

The Gap achieved success by selling logoed sweatshirts, turtlenecks and fashion basics at premium pricing. Due to plummeting sales, CEO Mickey Drexler departed in **2002**. Since then, the brand has struggled. Basic apparel, which was Gap's strong suit and the reason for its success, was overtaken by Uniqlo. [The Japanese retailer](#) updated the concept with color-block garments and patented innovations (HeatTech, LifeWear, AIRism...) combined with the pace of fast fashion. Mostly, it capitalized on millennial's appeal for Japanese culture predominant in Western countries during the 80's.

Nowadays, the all-American fashion retailer is criticized for its lack of variety and for being overpriced compared to affordable fast fashion leaders. In fact, the situation is symptomatic of mid-range retailer's shrinking footfall. Indeed, the middle market offering is easily substituted. Gap also had to face the American "retail apocalypse" era. Most of its point of sales were located within or near dead malls and experienced falling traffic. To rectify the situation, Gap Inc opted for store rationalization, closing nearly 230 poorly located stores, mostly in the US.

In **2014**, Gap Inc tried to position itself on the normcore trend,

but the "Dress Normal" 360° communications campaign, was a dud due to its controversial message. The GQ "coolest designers on the planet" capsule collection reworking the Gap iconic sweatshirt through the vision of (too) many designers (Balmain, Dsquare2, No Vacancy Inn, Opening Ceremony...) did not succeed in retaining clients either.

Gap CEO, Art Peck, acknowledged the fact that the declining sales were due to "inventory imbalance", meaning they did not have the proper tops-to-bottoms ratio of about 3 to 1. He believed that providing more selection in store, expanding to new markets and growing sales could get The Gap afloat again. But the brand struggled to retain the children of its regular clients, millennials (generation born between 1981 and 1996).

Hopefully, artificial intelligence can buck this major issue, by analyzing its client voices to increase time-to-market and deliver products that millennials crave.

« Nowadays, the all-American fashion retailer is criticized for its lack of variety and for being overpriced compared to affordable fast fashion leaders. »



«Gap has a rich 90's pop culture legacy to capitalize on and a strong history regarding inclusivity »



The Gap brand crisis solution: Customer understanding...

The Gap case shows the importance of brand identity, and especially positioning.

To succeed in the saturated ready-to-wear market, retailers have to deliver an appealing product to a targeted demographic which involves having a deeper knowledge of their customers.

In order to reach the versatile and trend driven millennial client, retailers should understand what it means to be "cool".

In 2018, Gap Inc tried to move towards thirty-something millennials through the Logo Remix collection, releasing sweatshirts and hoodies with reworked brand logos in an oversized way.

In an era where a trend can last a nano-second and where celebrities set the tone for "in the know" individuals, artificial intelligence can be a precious ally for retailers looking to keep sight of emerging trends.

Millennials don't want the "same old same old". They look for statement clothing, which stand out on the high street and Instagram feeds.

Gap has a rich 90's pop culture legacy to capitalize on and a strong history regarding inclusivity.



...and trend forecasting with Artificial Intelligence

Artificial intelligence can provide more accurate customer segmentation through image recognition.

The technology enables retailers to gain a greater understanding of the millennial lifestyle to better meet client demand and assess the success of a campaign.

By analyzing every noticeable detail in Instagram posts, the technology can also serve collection merchandising. It could help retailers to provide a better product assortment and find relevant product associations for retail displays, much in line with millennial habits and their aspirational desires.

Finally artificial intelligence, can offer an overview of forecasted trends to improve denim jean design, by analyzing customer behavior regarding type, pattern and colors.

By analyzing 3 million images daily on social media, Heuritech helps retailers fight against the threat of product banalization and reconnect with the youngest generations. Design teams can analyze customer behavior regarding jean models.

«By analyzing 3 million images daily on social media, Heuritech helps retailers reconnect with the youngest generations.»

ABOUT HEURITECH

Heuritech is a cutting-edge technology company that provides fashion brands with the vision they need to stay ahead of today's dynamic market and trends.

Using advanced artificial intelligence (AI) to translate real-world images shared on social media into meaningful insights, Heuritech empowers brands to forecast demand and trends more accurately, produce more sustainably, and achieve unprecedented competitive advantage.

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