

# Gap's brand revitalization efforts are paying off

## Article

**The news:** Gap Inc.'s turnaround is gaining momentum under the leadership of CEO **Richard Dickson** and **[creative director Zac Posen](#)**. The retailer's focus on delivering on-trend styles and improving brand storytelling helped it smash earnings and revenue expectations in Q1.

- All four brands—Gap, **Old Navy**, **Banana Republic**, and **Athleta**—reported comparable sales growth in Q1, a first for the company, enabling it to grow market share for the fifth-straight quarter.
- Revenues rose 3% to \$3.39 billion, beating LSEG's consensus estimate for \$3.29 billion.

- Earnings per share rose to 41 cents, up from 5 cents in the year-ago quarter and outpacing estimates for 14 cents.

**A winning strategy:** Gap’s newfound ability to put its finger on the pulse of consumer trends is enabling it to capture shopper interest at a time when other retailers are struggling to revive discretionary sales.

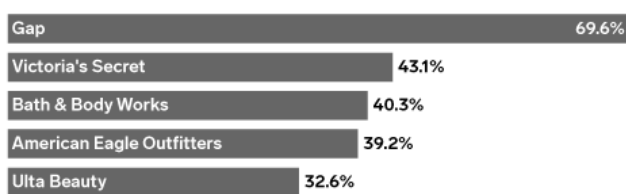
- The company managed to insert itself firmly into the cultural conversation with a combination of savvy brand and celebrity partnerships, alongside product assortments that resonate strongly with consumers—like Gap’s Linen Shop and Banana Republic’s Classics line.
- Having a designer of Posen’s caliber at the helm is also helping to boost the brand’s profile. The company generated major buzz after **Da’Vine Joy Randolph** wore one of his creations to the Met Gala, while a version of a dress designed for **Anne Hathaway** sold out hours after debuting on Gap’s site.

**The big picture:** Gap, like **Abercrombie & Fitch** and **American Eagle**, is finding that the key to success lies in selling what people want, as well as using its marketing budget to generate excitement and awareness of its offerings.

- The success of that strategy is fueling the retailer’s optimism for the year ahead: It now expects net sales to be up slightly in FY2024, an increase from its prior forecast for flat sales.

**US In-Store Adult Gen Z and Millennial Shoppers at Select Retailers, March 2023**

*% of total in-store shoppers per retailer*



Note: ages 18+; in the past six months; Gen Zers are born between 1997 and 2012; millennials are born between 1981 and 1996  
Source: Comscore, May 19, 2023

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