

Gap raises full-year outlook as turnaround gains pace

Article

The news: Gap Inc.'s holiday season is off to a strong start, as efforts by CEO **Richard Dickson** and creative director **[Zac Posen](#)** to revitalize its brands make headway with shoppers.

- The retailer increased its market share for the seventh straight quarter in Q3, with all of its labels—Gap, **Old Navy**, **Athleta**, and **Banana Republic**—reporting share gains.
- That momentum led Gap to raise its full-year sales outlook. It now expects sales to rise 1.5% to 2%, an improvement from its prior guidance of “up slightly” and ahead of LSEG analysts’ expectations for 0.4% growth.

Unpacking Q3: Gap’s ability to navigate uneven demand in the apparel category is a testament to the strength of its turnaround plan under Dickson. The retailer’s focus on offering “better product, better pricing, more relevance, better consumer experience, and excellence in execution” has enabled it to win over shoppers—particularly those in the middle- and higher-income brackets looking for quality products at more affordable prices.

- Savvy partnerships with brands like **Madhappy** and **Cult Gaia** enabled Gap to regain cultural relevance and boosted its desirability among fashion aficionados.
- Splashy Gap and Old Navy campaigns featuring celebrities like **Troye Sivan** and **Jennifer Hudson** are also helping attract shoppers’ attention, while Athleta’s investments in **TikTok** have turned it into one of the fastest-growing sportswear retailers on the platform.
- Those tactics helped blunt the impact of weather-related disruptions over the quarter. Hurricane-related store closures and warmer temperatures in some markets hurt net sales growth by 1%, the retailer said, although its performance has since recovered.

Our take: Gap is well-positioned this holiday season. Its selection of brands across price points means it can offer value to a broad array of consumers, from lower-income shoppers looking for savings to wealthier customers willing to spend \$500 on a Banana Republic cashmere coat.

Looking ahead, the retailer is also better-equipped than most to escape the worst of [President-elect Trump’s planned tariffs](#), given that less than 10% of its merchandise is sourced from China.

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