Why Did You Do That? Luxury Brands Surviving Economic Crisis

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BACKGROUND

- Today’s luxury fashion brands are faced with a great deal of uncertainty in the international political economy, from revised trade deals in the US, Brexit, and terrorism (D’Arpizio et al., 2016).
- History and research have shown that the luxury market is not immune, as with the Global Financial Crisis, 2007-2010 (Halliburton & Kellner, 2011; Som & Blanckaert, 2015).
- Brand management strategy is expected to be a significant source of competitive advantage in the future (D’Arpizio et al., 2016).

PURPOSE

- The purpose of this study is to gain experiential insight into the decision-making of luxury fashion brands senior leadership during the Global Financial Crisis of 2007-2010 in the selection of brand management strategies.

RELATED LITERATURE

- Crisis fundamentally changed business landscape for luxury (Savelli, 2012). Consumers became austere in attitude & purchase behavior. Brand saw increased competitive pressure and decreased capital for investment.
- Brand management strategies appeared to be key in survival of crisis. Christian Lacroix closed in 2009, but Prada grew with globalization (Som & Blanckaert, 2015)

CONCEPTUAL FRAMEWORK

- Luxury Brand Management (LBM) Framework depicts the interplay between the macro and micro dimensions of luxury brand management. The outcome is strategic management response (Cavender & Kincade, 2015).
- Five emergent strategies found for luxury brands response to crisis: Globalizing, diversifying, up-scaling, holding true, and cost rationalization (Som & Blanckaert, 2015).
- This study proposes a modified luxury brand management framework in the crisis context.

RESEARCH QUESTIONS

- RQ1: What external factors contributing to the crisis impacted the luxury fashion brand?
- RQ2: What was the luxury fashion brand leader’s assessment of those external factors in their respective role at the company during the crisis?
- RQ3: What brand management strategies did the luxury fashion brand leaders select in response to the crisis? Why?
- RQ4: What were the lessons learned from the luxury fashion brand leader’s perspective?

METHODS

- This study will utilize qualitative methodology with a multiple case study approach.
- Three luxury fashion brands were selected using purposive sampling, where case companies operate retail locations in domestic and international markets, identify as a luxury fashion brand, endured the Global Financial Crisis, and boast a 40+ year business history.
- Eight to twelve open-ended, semi-structured face-to-face interviews with senior leadership, e.g. Chief Executive Officer, centered on the perceived impact of the factors of the crisis, the assessment of those factors when choosing brand management strategies, and the reasons behind their choices.

EXPECTED IMPACT

- This study aids the practitioner with insights for "what if" scenario planning, strategic development, and information for pro-active crisis preparation.
- The academic knowledge base is broadened with the inclusion of a variety of luxury fashion brand retailers in the sample, which has not been done in previous research. Further, it contributes to theoretical development through a conceptual framework.

REFERENCES