Abstract

Luxury retail strategy differs from other retail strategies not merely in distinctive formulations of product, price, distribution, and appeals to customer distinction. Instead, it increasingly stands or falls on the legitimacy of a charismatic creative director. The director offers an aesthetic brand ideology. Luxury retail draws on the principles of art and magic to assemble the charismatic persona of the creative director and to diffuse his aesthetic ideology to the brand. Moreover, luxury retail strategy enlists magical and aesthetic principles within and without the store to achieve these ends. Finally, retail luxury is producer rather than consumer oriented and seeks to generate awe rather than community. This strategy appears to be to some extent a response to legitimacy crises provoked by recent strategic extensions of luxury brands into mass marketing. We offer some implications for marketing in which the charisma of a key personage is at stake.

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the challenge is to create new products that surround the original — nonmechanically reproducible — work, similar to works of art, they “possess an aura of authenticity which endows it with qualities of uniqueness, distance and otherness,” (Dubois and Duquesne 1993), but the ways in which luxury is materialized and expressed in particular cultural contexts (Kapferer and Bastien 2009).

Next, whether brands or retail outlets, luxury offers hedonic appeal and this appeal is multisensorial; luxury is affect-rich, connecting with customers on an emotional level. Consequently, luxury has a high “ratio” of intangible value to price (Hagtvedt and Patrick 2009; Kapferer 1997; Nueno and Quelch 1998; Vigneron and Johnson 2004).

In addition, based on Benjamin (1927/2002; see also Arvidsson and Malossi 2011) and following Heilbrunn (1999, p. 189), we propose that successful luxury brands are auratic. Similar to works of art, they “possess an aura of authenticity which surrounded the original – nonmechanically reproducible – work, endowing it with qualities of uniqueness, distance and otherness.” Thus, managing luxury consists in managing the aura of the brand over time. Similarly to retro brands (Brown, Sherry, and Kozinets 2003) the challenge is to create new products within the brand but without losing brand’s aura. These qualities are in question for many luxury brands because of recent mass marketing experiments that pose a legitimacy predicament for them. Following Shaw (2001), we suggest that the key to maintaining luxury brand legitimacy despite mass distribution is managing the charismatic aura of the creative director.

Beyond conventional explanations focused on ostentation (Han, Nunes, and Drèze 2010; Leibenstein 1950; Veblen 1899/2004), symbolic Han, Nunes, and Drèze 2010; Leibenstein 1950; Veblen 1899/2004) or hedonism (Hagtvedt and Patrick 2009; Lipovetsky and Roux 2003), we will argue that successful luxury retail strategy relies on a logic of adoration which has a charismatic basis.

From traditional to charismatic legitimacy

For a long time, the legitimacy of luxury relied on traditional qualities: the rarity of materials and the finesse of craftsmanship (Roche 1989; Sicard 2005), and some luxury brands continue to rely on these criteria, for example, Hermès. However, in the 90s, the luxury retail sector began mass marketing based on (1) an intensification in distribution methods (increased number of shops opened, development of on-line business and opening of shop-in-shops in duty-free areas); (2) an evolution in production methods (a changeover from craft production to mass production); and (3) a modification in the structure of inventory turnover, now depending financially on the marketing of accessories (handbags, perfumes, cosmetics, etc.) targeting a wider public. This mass distribution strategy, as in Benjamin’s (1927/2002) analysis of the effects of mass reproduction on art, reduces perceptions of exclusivity, aesthetic and technical superiority, distinction, and singularity, thereby threatening luxury brand legitimacy (Assouly 2005; Brown et al. 2003; Heilbrunn 1999, 2005; Lipovetsky and Roux 2003; Marion 2005). The resulting challenge for luxury brands is to balance broader distribution while reasserting the singularity of its offerings (Remary 2005). To address problems of brand legitimacy, we argue luxury brands such as Vuitton, Dior and Chanel have linked traditional legitimacy based on craft skills and know-how to charismatic legitimacy based on an exceptional charismatic persona, the artistic director who designs the products.

Charismatic legitimacy is based on creating devotion to (adoration of) the exceptional character of a leader (Warras 2007). Charismatic legitimacy is not based on law and rules as in legal-rational legitimacy found in the traditional corporation. Charismatic legitimacy rests on the exceptional qualities of the leader, dramatized in his or her persona, and the compliance of followers with the leader’s mission out of affectionate devotion to this persona (Weber 1915/1996). In a marketing context, luxury strategy will be concerned primarily with effective expression of the leader’s charisma; we need to show that luxury retail strategy is also built on what Heilbrunn (1999) calls an ideology of expression, diffusion of the leader’s aesthetic vision. Here we want to examine how luxury brands’ charismatic ideologies are expressed through the retail strategy.

According to Weber (1915/1996), charisma is “an exceptional quality that a man has (regardless of whether that quality is real, presumed or faked),” which gives that person an authority to which others submit. That is, charismatics have a kind of aura. Charismatic authority appears as “a domination over men to which they submit because they believe in the quality associated with that person in particular” (Weber 1915/1996, p. 370). Management research has followed this line of thinking in investigating charismatic leadership (Avolio, Walumbwa, and Weber 2009; Campbell et al. 2008; Judge and Piccolo 2004). This psychologically oriented work establishes the significance of charismatic leadership but provides little guidance either in understanding how charisma might be communicated extra-organizationally or of its strategic value in marketing.

Unlike management research, however, we base our work on the related concept of persona, which allows us to take a fresh look at how charisma may be integrated into luxury retail brand management strategy. The term persona refers to clusters of images or symbols and may constitute an archetype or a fiction deeply embedded in the consumer imagination. A commercial or brand persona is the “someone” created within a marketing communications effort (McCracken 1989; Stern 1994, p. 389).
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