Bricks and Mortar Retail Stores as Sustainability Communication Channels for Luxury Fashion Brands

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Abstract

With customers increasingly shifting to digital and mobile, the role of the bricks and mortar retail stores has been called into question as a crucial aspect of luxury fashion brand management. The retail landscape is in a continuous state of change: moving from a multi-channel to an omni-channel retailing model and beyond. Nowadays, the retail store operates as never before as a relevant channel for luxury fashion companies to improve customer relationships by giving physical evidence to their brand values.

However, in the marketing academic literature, few papers have focused on the key role of bricks and mortar stores for luxury fashion brands in a competitive scenario that is increasingly virtual and less controllable by companies. Thus, the present research aims to fill this research gap in two ways. Firstly, through a qualitative research design based on interviews with luxury managers and industry experts, it aims to explore the relevance of company managed retail stores as channels of communication for the social and environmental sustainability of luxury fashion brands. Secondly, the objective is to identify the key features of this type of in-store communication.

1. Introduction and objectives

The democratization of luxury has resulted in a proliferation of mass luxury brands; as a consequence, the increase in accessibility of luxury products has placed the luxury fashion industry under public scrutiny by highlighting issues of sustainability (Gardetti & Torres, 2013).

Sustainability focuses on a firm's ability to satisfy the needs of its stakeholders without compromising those of future ones (Elkington, 1994, 1997). The criticism of low levels of commitment of luxury fashion brands towards social and environmental sustainability is derived from the belief that luxury fashion symbolizes wastefulness, personal pleasure, superficiality and ostentation, which has nothing to do with sustainable development (Gardetti, 2017).

As a result, luxury fashion firms became more interested in using all available channels to spread awareness of their commitment to being social responsible businesses (Kapferer and Michaut-Denizeau, 2014). In pursuing this aim, many of them started publishing sustainability reports and organizing events to disclose information and data about their commitment to social and environmental sustainability reflected in their brand portfolio (Kozlowski, Searcy and Bardecki, 2015).

Further, in luxury fashion management, the significance of the retail store as a communication channel to build solid customer-brand relationships has been broadly highlighted (Kapferer and Bastien, 2012; Chevalier and Mazzalovo, 2015).

Therefore, the present research aims to examine the relationship between store retailing and sustainability academic literature by proposing that 'bricks and mortar' retail stores can act as an important channel of communication illustrating the commitment of luxury fashion brands towards social and environmental sustainability. Moreover, the research seeks to identify the key features and role of this type of in-store communication in a competitive landscape that is more and more focused on digital and social media.

Due to its exploratory nature, the research is based on a qualitative research design based on existing marketing academic literature and in-depth interviews with practitioners from the field of luxury fashion.

2. Theoretical Framework

2.1. *Sustainability in Luxury Fashion Brands*

In 1987, the World Commission on Environment and Development (WCED) published the Brundtland Report defining sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their needs" (WCED, 1987, p. 43).

In 1994, John Elkington coined the expression "Triple Bottom Line" (Elkington, 1994; 1997) to specify that companies can achieve sustainable development only if three elements, namely the social, economic and environmental aspects, are used to balance it.

Globalization has led to a growing diffusion of manufacturing outsourcing to global supplier networks, which has led companies to face increasing pressure to meet sustainability requirements and pushed them to develop sustainability programs to monitor and assess corporate processes on a global scale (Brondoni, 2014).

The term "luxury" derives from "luxus", which means excess, opulence, and sumptuousness and, due to these features, some scholars considers the concept of "sustainable luxury" as an oxymoron (Cervellon & Shammas, 2013). In fact, the notion of sustainability is based on respect for the environment and society, by evoking the values of altruism and ethics, while luxury symbolizes wasteful, thoughtless, personal pleasure, superficiality and ostentation (Gardetti, 2017).

A recent analysis conducted on corporate sustainability reports confirms the commitment of luxury fashion brands towards sustainable development by highlighting how corporate sustainability represents a crucial driver in growing luxury fashion firms (Arrigo, 2015a). In fact, such firms invest enormous resources seeking new innovative technologies and

procedures within their supply chains aimed at pursuing sustainable development policies whereby profit, planet and people are equally balanced (Karaosman *et al*., 2016).

2.2. *Store Retailing in Luxury Fashion*

Store management is increasingly relevant in retailing research as the point of sale represents the place where luxury fashion retailers can display their value propositions, and spread their brand values in attempting to positively influence the customer experience (Brakus *et al*., 2009).

The design of the retail store environment emerges as a crucial element in order to develop a sense of prestige and excellence for luxury fashion brands and a key aspect concerns the creation of an environment capable of producing the right customer reaction or feelings (Fionda & Moore, 2009; Haug & Munster, 2015).

Luxury fashion firms are looking for ways to attain more control over their brands in order to strengthen the customer experience (Kapferer & Bastien, 2012; Chevalier & Mazzalovo, 2015). In fact, the store environment and its internal atmosphere characterize the touch point between customers and the retailer (Turley & Milliman, 2000). In particular, the store architecture has been recognized as able to reflect the brand in the consistency of design and visual appearance and this is true predominantly for retailers whose identity is communicated and experienced mainly through their stores (Riewoldt, 2002; Kirby & Kent, 2010; Raffelt, Schmitt and Meyer, 2013).

The flagship store is the retail format designed to provide customers with a whole brand experience (Kozinets *et al*., 2002; Moore and Doherty, 2007; Manlow & Nobbs, 2013; Arrigo, 2015b, 2017; Nierobisch *et al.,* 2017) and it is considered as one of the major media used by luxury fashion firms to communicate with their customers (Mores, 2007). Specifically, Nobbs *et al.* (2012) identify key aspects that luxury fashion retailers should consider in designing their flagship stores; by managing these elements, luxury fashion brands can trigger stakeholder curiosity and persuade customers to visit the store, and, once inside, persuade them to spend their money.

2.3. *In-Store Marketing Communication*

Since the majority of product decisions are made during a customer's shopping experience, retailers have started developing in-store marketing communication. The main objective of in-store communication is primarily to catch the attention of customers and stimulate the number of purchases (Areni & Miller, 2012; Verhoef *et al*., 2007).

In-store communication takes place when a customer is about to buy a product and provides companies with the final opportunity to attract customers (Uniyal, 2011). In-store marketing communications directed at encouraging sales, namely in-store promotions (Schultz & Block, 2011; Phillips *et al*., 2015), are often characterized by their local scope which is strictly limited to the point of sale of the retail chain.

As the majority of purchase decisions are still made in-store (POPAI, 2014), it is essential for marketers to invest in innovative and digital point-of-sale communication solutions and to carefully assess their effectiveness (Willems *et al*., 2017). The presence of monitors combined

with digital technologies provides retailers with the opportunity to customize marketing communication messages in order to match the particular retail store and its specific customers (Fill, 2009). Shankar et al. (2011) propose two unique features that physical retailers can still exploit to create a competitive advantage over online channels by means of "shopper marketing," namely, in-store atmospherics and in-store merchandising innovations. Nevertheless, consumers often see a small percentage of the different stimuli directed to them in a retail setting. Therefore, it is relevant to understand how store design elements can be managed in order to maximize their impact (Jansson *et al.,* 2004).

3. Research Questions

This paper aims at exploring how a retail store can be used as a communication channel related to a luxury fashion brand's social and environmental sustainability and to identify the key features of such in-store communication. To be more precise, the research investigates how luxury fashion brands can convey in-store communications about their sustainability policies also through the design and management of their 'bricks-and-mortar' flagship stores. The research questions investigated are the following:

RQ1: How might store design variables be designed in order to communicate luxury fashion brands' commitment towards sustainable development?

RQ2: What are the key features of in-store marketing communications concerning environmental and social sustainability of luxury fashion brands?

4. Method

The research questions have an explorative purpose, due to the lack of accepted theoretical frameworks, and require a qualitative research design (Gummesson, 2000; Eriksson & Kovalainen, 2015). The research design is based on a literature review of in-store marketing communication, retail store management, and luxury sustainability in order to develop a theoretical framework appropriate to orientate interviews with luxury managers and industry experts in order to acquire real world knowledge.

Semi-structured interviews with luxury fashion managers and industry experts were carried out using an interview guide. However, the specific questions were decided with each respondent sometimes deviating from the interview guide.

Luxury experts and managers were selected for interview in the marketing and retail field to gain deeper insight into the role played by 'bricks and mortar' flagship stores. The respondents included personnel such as boutique managers, marketing managers, communication managers, and CEOs. The respondents were informed about the questions before the interview by e-mail and the interview was introduced by a briefing that explained them the aim of the research. Interviews were recorded and notes were taken during the interviews and, at the end, a debriefing was made to allow experts to ask questions or mention any relevant. All conversations were categorized using theoretical frameworks on store design

variables and relevant existing literature on store brand representation and in-store marketing communication.

5. Findings and Discussion

Results from an analysis of the literature review, secondary sources and interviews with luxury fashion managers and industry experts and discussion will be further deepened during the conference.

Initial findings highlight a key role played by 'bricks and mortar' retail stores from the perspective of brand reinforcement. In fact, the diffusion of digital and social commerce in the luxury fashion market contributes towards creating a competitive scenario that together with an increase in the luxury democratization process makes it very difficult for luxury fashion brands to safeguard their exclusiveness and excellence. Thus, 'bricks and mortar' flagship stores can be proven to support the development of a luxury fashion brand over time by improving stakeholder awareness of luxury brands' values of sustainability through a sustainable retail store design and in-store communications.

6. Concluding Remarks

The research carried out confirms previous research on the role of flagship stores as key touchpoints with customers. However, it also provides an interesting and original contribution by identifying the key features of in-store marketing communication directed towards spreading awareness of environmental and social sustainability values exhibited by luxury fashion brands.

It can be suggested that luxury fashion managers should assess the different options for reaching stakeholders in the most efficient and effective way in an omni-channel retailing model, 'bricks and mortar' stores representing one of the most effective ways of engaging with customers. Although the investment required to set up exceptional flagship stores is likely to be very high, the potential return in terms of growing a firm's reputation and customer brand relationships appears similarly high.

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