No man’s brand – Brands, institutions, fashion and the economy

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Abstract

Branding has become so intertwined with consumption that today’s consumers have often deeply personal relationships to brands and brand histories. Branding is an attempt to strategically ‘personify’ products and to encapsulate a balance between different economic values: quality, utility, symbolic and cultural worth. In this paper we argue that the relationship between the contemporary consumer and producer is mediated by and governed by a reflexive construction of brands. As such brands are best understood from an institutional perspective. The paper illustrates the institutional role of brand by using the example of the fashion industry. It is argued that in the fashion industry a focus on consumer-producer brand-building and brand loyalty now takes pole-position in determining industrial and innovation dynamics. We conclude by suggesting that economic geography has consistently undervalued brands as an area of study. By taking brands as the core product in industrial production, rather than as an interesting aside for sociologists, historians and cultural theorists, economic geography can better understand the institutions governing the economy. In particular better understanding the institution of brand helps us better appreciate the dynamics systems within which commodities and commodity chains are formed.

Key words: economic geography; brand and branding; fashion industry; competitiveness and innovation; commodity chains.
Introduction

“She’s gone to Harvey Nichols and gotten sick. Should have known better…[D]own here, next to a display of Tommy Hilfiger, it’s all started to go sideways on her, the trademark thing… Some people ingest a single peanut and their head swells like a basketball. When it happens to Cayce, it’s her psyche. Tommy Hilfiger does it every time, though she thought she was safe now…When it starts, it’s pure reaction, like biting hard on a piece of foil” ((Gibson 2003:17)

In a recent novel William Gibson introduces us to a character that has developed sensitivity to brands so extreme that she has “a morbid and sometimes violent reactivity to the semiotics of the marketplace” (Gibson 2003: 2). Whilst perhaps seldom to the point of causing severe allergic reactions, brands have become so intertwined with consumption and the semiotics of everyday life that consumers have often deeply personal relationships to brands and brand histories. Against this background branding is becoming one of the core strategic and commercial competences driving firms, clusters, regions, and nations in the contemporary global economy.

In this working paper we argue that brands have become so central to many economic processes that we should understand them as much more than interesting logos or marketing techniques. Rather we suggest that brands can usefully be understood as institutions. We argue that the logic of branding can be seen as an institutional setting that lends structure to many industries’ underlying economic arrangements and market processes. Within this setting economic actors, not least firms, use brands as a core focus for their innovative and competitive activities and their market actions. We argue that brand processes can only be understood and analysed in systemic terms: as processes rooted in systems of interrelated actors within specific socio-institutional environments.

An institutional perspective means that we understand brands to be products not just of firm-centric actions but as ongoing processes of negotiation and interaction between firms and consumers. We explore the implications of this with reference to the fashion industry. In the fashion industry branding has become the dominant competitive strategy for virtually all successful firms to the extent that the centrality of branding as the rules of the
game is almost unquestioned. However, by looking at this industry we can see that consumers, embedded in very particular socio-spatialities, are far from passive receptors of firms’ offerings. Rather consumers are suggested to be active participants in the construction of brands: something that has profound implications for the ways in which we understand competitive industrial organisation and the creation of firm innovation and competitiveness.

We are, thus, interested in exploring the economic and commercial role and impact of brands in the modern economic order. The paper does not explore the many interesting sociological and cultural aspects of brands. Far too often our analysis of economic and industrial processes plays down the centrality of brand and brand-strategic thinking in the constitution of contemporary industrial structures and firm strategies. In addition, much of the literature and thinking on brands focuses almost exclusively on the role of the firm in creating good (the brand management literature) or misleading and evil (the Naomi Klein perspective) marketing messages. There is a tendency that the role of the brand’s corporate creators and owners is lifted up to the exclusion of other actors in the process. In the rest of this working paper we argue that the relationship between the contemporary consumer and producer is mediated by and governed by a reflexive construction of brands. Once this is accepted, we argue, analysis of brands and branding take on an importance within the economy that industrial analysis seldom takes adequate account of. Rather than seeing brands as an interesting cultural phenomenon or simply as a sideline marketing gimmick or label, we should see them as central institutions in the creation of value and in the determination of firm strategies and therein industrial systems and spatialities. In our perspective the stylistic twists that branding have brought to industries, such as the fashion industry, are far less interesting than the changes the emergence of brand as an institution have had on industrial organisation, power and value creation. Our purpose is to theorise and illustrate some of the dimensions in which brands have a constitutive role in contemporary industrial structures, firm strategies and economic spaces. Through this we hope to make a small contribution to the ways in which firms and institutions contribute to growth and change in the spatial economy.

**Brand as an institution**

There is no common definition of ‘brands’ or ‘branding’, however, most commentators agree any definition should include both tangible and intangible attributes of a product: e.g. both functional and emotional characteristics (cf. Lury 2004, Olins 2003). Brands are the result of a
branding process whereby one attempts to charge a product (or set of products) with ethereal qualities: qualities that primarily function as marketing arguments. A brand’s value is thus in the way people end up thinking and feeling about it and the product it is linked to. The aim of branding is to make an almost indistinguishable link between the character of an object from and its branded image or form.

“The power of a brand derives from a curious mixture of how it performs and what it stands for. When a brand gets the mix right it makes us, the people who buy it, feel that it adds something to the idea of ourselves” ((Olins 2003:16).

Many claims have been made about the role of brand in contemporary society. To one extreme, brands are thought to represent powerful forces shaping the identity politics of our age. Our tastes in brands are seen as social tools and indicators that work alongside a host of other symbols, objects and activities as weapons and reflections of our identities and aspirations. In more circumspect accounts they represent a forest of logos, slogans, and messages – a nebula of information – that carpet our everyday lives and landscapes.

We do not, of course, have to believe that brands sink so deeply under the skins of consumers or that consumers are willing to swallow everything brands try to say and sell. Whatever their effect, it is true to say that brands have a wide spread informational importance in modern society. At a basic level, brands are nothing more than well labelled information packages created in the hope of offering individual consumers (rather biased) help in negotiating the plethora of products available to them. Brands allow consumers to navigate product markets and make choices based on information they trust (or feel they could trust).

Our suggestion in this working paper, however, is that we should not only treat brands as product identifiers or the backdrop to the ever evolving politics of consumption. Rather we suggest that for those interested in such things as innovation, market economies or economic geography it is useful to think of branding as both embedded in institutional processes and also as an institutional setting in itself.

Drawing on the works of Weber, Veblen, Schumpeter, Commons, and Polanyi, a wealth of literature has grown up around the idea that economic processes are inherently structured in and constituted by various types of institutions and institutional contexts (Granovetter 1985; North 1990; Gertler 2004). As Gertler and Wolfe point out:
“The focus on institutions arises from the simple observation that virtually all economic activity occurs within an institutional context”. (Gertler and Wolfe 2002: 2)

Such statements are founded on the belief that there is an inherent relation between social, cultural and economic institutions. More formalized institutions such as marriage, governments and regulatory systems as well as less formal ones such as customs and habits are said to form a context within which actions and economic processes are embedded and find form. In Polanyi’s work (Polanyi 2001 (1944)) capitalism is said to have reversed previous historical patterns in that many of our social relations are now embedded in and defined by economic relations. Whatever weighting we give to economic vis-à-vis non-economic institutions, it is certainly true that a variety of institutions function as the nets that give structure to our economic arrangements. Institutions work as the rules of the game and help us negotiate and structure our actions and solidify relations and arrangements. Within political science and international relations the neo-institutionalist school (e.g. Keohane 1988) suggests that institutions are the reflections of formal and informal rules, roles, and expectations that constrain certain types of actions. Within economic analysis similar reasoning has been applied to how market institutions operate:

“Markets do not exist or operate apart from the rules and institutions that establish them and that structure how buying, selling and the very organization of production take place” (Zysman 1994: 244)

Whilst there may be agreed in many circles that institutions play an important in market arrangements there is considerable debate over what is to be included or not. In the rest of this working paper we use an understanding of institutions that eschews narrower definitions associated with new institutional economic theory and the likes of Williamson’s transaction cost theory and chose to see institutions in the wider sense most often associated with Veblen. The ‘wider’ institutional theory views actors as embedded in social contexts; and structures, rules, identities, and organizational learning can all be said to influence and be influenced by the institutional set-up.

Institutions defined in this tradition (Granovetter 1985; Lundvall and Johnson 1994; Håkansson and Snehota 1995) are similar to Veblen’s: “Settled habits of thought
common to the generality of men” (Veblen 1909). Edquist and Johnson (1997) define institutions as “sets of common habits, routines, established practices, rules or laws that regulate the relations and interactions between the individual and groups” (Edquist and Johnson 1997: 46, italics in original). Gertler claims that it is important to clearly distinguish between institutions at the societal level (attitudes, values, etc.) and economic behaviour expressed as industrial practices (2004: 7). Institutionally shaped attitudes constrain practise, but they do not wholly determine them. Institutions are enduring and interconnected. They are by definition difficult to change, but when this happens it is often triggered by competition Gertler (2004: 8).

As we have already suggested brands have a definite role in contemporary society. A role in which brands appear often to play the part of institutional contexts within which individuals and groups construct and negotiate habits, routines, practices, symbolic registers and even social identities. Brands are constantly evolving to the informational needs and perceptions of consumers. Equally brands have become institutions of economic behaviour that are consciously created at organizational levels and at the level of industrial practices. Indeed in many industries – from fashion to soap powder – brands and branding are enduring institutions; though ones that are constantly changing under the force of competitive market and non-market based dynamics.

Thinking about brands in institutional terms allows us to better incorporate the role of non-economic actors in brand dynamics. Many approaches to brand focus almost exclusively on the actions of firms in the construction of brand and largely fail to include more than a brief acknowledgement of the role of consumers in such processes. Alternatively it is assumed that consumers have little agency and are passive receivers of marketing messages. The manipulator–victim dichotomy that some commentators (Klein 2000; Quart 2003) have as a point of departure is not always the best way to describe the brand-consumer relationship. The relationship and power balance between consumers and brand-owners is far from written in stone. We suggest that there is a continuous negotiation process going on between firms and consumers; and that the process of brand reception should seen as a polysemous process with a reflexive diversity of readings and responses (Pavitt 2000).

Just as other institutions of the economy are the result of complex interactions and negotiations between the economic and non-economic so too are individual brands and the institution of branding itself. Brand meanings and their success are not givens constructed by marketers, but are socially negotiated through reciprocal, socially embedded processes (Fournier 1998). The focus on brand as a competitive strategy and as an integral part of
consumption mean that brands function as an institutional context within which actions and economic processes are embedded and find form. In the next section we suggest that the development of brand from marketing tool to institution is underpinned by the fact that there are a variety of functional and operational rationales motivating firms’ use of brands.

**Firms and brands**

Brands first started emerging to the forefront of the economy around the start of the 1900s. The spread of new technologies, and the political and trade realities brought about by the apex of the age of industrialised imperialism, allowed Western firms greater and greater economies of scale as well as new distribution possibilities. Firms started selling their products across ever greater distances and to new markets. This geographic expansion, and the new technologies that allowed for it, brought a need for higher levels of product standardisation and easily recognisable marks of quality and identity. Patenting and branding became commonplace techniques in firms’ fight for distant and ever more quality and status fixated consumers. Today brands are such an integral part of the economy that we are almost unaware of the preponderance of Coca Colas, Fords, IBMs, Levis, and Gillettes that cloth, clean, feed, transport, inform, distract and entertain us. Indeed we are surrounded by brands to the extent that one could suggest our experience of landscape has become increasingly an experience of brandscape.

Against this noisy background companies are conscious of their need to differentiate themselves from competitors and of consumers’ needs both for cognitive ciphers/navigation aides that help make choices easier and for identity kits that allow them to position themselves in socio-cultural worlds. Branding is an attempt to strategically ‘personify’ products, to give them a history and a personality. However, these personalities have a tendency to have a life of their own; and in business terms a value of their own. For instance, in addition to legal (and tradable) artefacts such as copywrited logos (Lury 2004), the *Sonny Bono Copyright Extension Act 1998* also allows for so-called corporate copyrights to be protected (therein tradable) for 95/120 years. Well-established brands are valued capital assets in themselves and in many cases eclipse the value of the production facilities, technologies or patents they are seemingly based upon. Even for firms in sectors where one might expect to see technology and performance as the overwhelming business focus, such as computer hardware, brand often has an effect on market sales and competitiveness that few
technological advances could secure. For firms such as Apple, Dell or IBM, brand
development becomes an equally necessary and central focus of innovative activity and
innovation policy. Branding is in many cases central to competitiveness and long-term
survival.

“To succeed, transnational companies must manage brands with both hands. They must strive for superiority on basics like the brand’s price, performance, features, and imagery; at the same time, they must learn to manage brands’
global characteristics, which often separate winners from losers.” (Holt et al.
2004: 73)

At firm and sector level, brand functions in several different ways. Firstly, brands are used by firms to differentiate their products. Indeed brands’ role in the economy can be largely accounted for by the need for competing economic offerings to differentiate themselves from one another. In markets awash with possible substitutes it has become crucial to firms that their products can be differentiated from others.

“All goods and services are differentiable… In the marketplace differentiation
is everywhere. Everybody – producer, fabricator, seller, broker, agent, merchant
– tries constantly to distinguish his offering from all others.” (Levitt 1980: 83)

Since brands promise to lend products some level of exclusivity or uniqueness they are a useful tool for profit-seekers interested in adapting neo-Chamberlinan strategies: those who wish to differentiate themselves by trying to create virtual monopolies. Adapting such differentiation tactics can have significant long term effects. It can hinder firm growth by leading to lock-in effects or negative path dependency. Alternatively a firm with a brand that attracts a loyal consumer group can find its growth potential significantly increased. Such effects can grow over time if network externalities such as ‘bandwagon effects’ (Leibenstein 1950; Rohlfś 2001) emerge: where people’s preference for a commodity increases as the number of people purchasing it increases.

Secondly, brand building can function as a risk management strategy by taking the focus away from the success of individual products and placing the emphasis on less product-specific values. A brand focus allows firms to deal with product differentiation and technological/market changes whilst maintaining a focus on the firm. Brands allow firms to
retain some level of cohesivity at the same time that their products and product focus are ever changing and morphing. For many firms the brand thus becomes the core product and competence. This is especially important for firms that can no longer guarantee/expect stability in product markets or technological advantage. Consistent brands can help sustain competitive advantage in market places where: technology is quickly subject to ‘ubiquitification’ (Maskell and Malmberg 1999); where production is flexible and footloose; where consumer tastes and fashion change rapidly; and where easy substitution exists for all products due to consumers’ unprecedented access to information and alternative suppliers.

Thirdly, firms that focus on brands, rather than each product, may gain economies of scale and other cost efficiencies when it comes to marketing and promoting new offerings.

Fourthly, brands may help firms diversify into new markets and new product groups. Strong brands have long been used as a vehicle for firms to diversify into areas outside their core business: such as cigarette giant Marlboro’s moves into clothing; and music firm Virgin’s diversification into everything from telephony to air travel.

Fifthly, well established brands can form umbrellas under which organisational flexibility is both masked and facilitated. Stable brands with well-established characteristics can help firms avert focus from changes to their organisational makeup that may have an impact on how they are perceived: e.g. changes in ownership; changes in firms’ national or local affiliations; changes to where and how products are made. In recent years there also been a growing trend in cultural industries to develop brands that are not specific to one firm but rather to loose, flexible coalitions that can assemble actors to work on specific projects. These are often brands that are shared by groups of firms that are highly local or niche specific that change their organisational and collaborative architecture radically for each new project.

Lastly, brands can function as platforms for inter-firm cooperation and alliance. Recent trends towards co-branding and linking brands together can help firms enjoy synergy effects. In the fashion industry there has been some recent examples of brands from different segments that co-brand in order to create synergies and perhaps economies of scale/collaboration. In the high profile, high profit but high-barriers to entry sportswear market it has become popular for sports goods firms to co-brand with fashion designers: e.g. Puma and Jil Sander, Nike and Junya Watanabe, Adidas and Yohij Yamamoto.
Brand and innovation

In addition to the ways in which brands can help isolated firms, brands can be considered to have a role in the wider context of industrial systems of innovation. Innovation has become a central concern within economic geography and is now considered crucial not only to firm and sectoral competitiveness but also to regional development (Edquist 1997; Acs 2000; Cooke et al. 2000; Gertler et al. 2000; Porter 2001).

Brand competition and the existence of strong brands play a key role in innovation systems due to their part in the transfer of new ideas and fashions to consumers. Hierarchical brands (such as those most often found in the fashion industry) are in essence trickle-down innovation pipelines. In the fashion industry new technologies and trends are prototyped, tested and launched in high-end markets and gradually adapted for mass consumption through successive product offerings within the brand’s corporate group: e.g. an innovation starts as haute couture, is adapted for Prêt-a-Porte (ready to wear) and mass market collections, and finally copied and imitated by others (Simmel 1957 [1904]). Equally, the opposite applies with brands having the power to function as channels for innovations that occur outside the core clusters and activities of an industry: e.g. how street fashion is adopted by high fashion. Whatever the direction or source of these innovation flows, brands form vehicles for the flow of fashions into new markets and segments. The role of brands in the diffusion and commercialisation of once avant-garde or radical innovations is not limited to creative or cultural products. In industries such as consumer electronics it can be seen that radical new technologies and solutions are not enough to guarantee consumer uptake and market success. As Levitt suggests, firms are often faced by the ‘dangers of R&D’ (Levitt 2004). Firms that are overly focused on the idea that growth comes from high-tech R&D have tended to fare poorly in comparison to firms that have focused on the intangible elements of the product, its marketing and branding.

Against a plethora of competing technologies Apple’s impact on the sale, distribution and consumption of music with its iPod (a piece of hardware) and iTunes (a software program for the sale and organisation of digital media) shows how cleverly marketed and branded offerings can result in sales volumes and user adoption of new technologies that might not otherwise have been possible. Brands can be considered one mechanism in the introduction of new technologies and innovations to consumers. The quality and trust signals that brands add to products can help mitigate the unknown aspects of new technologies: both
the unknown risks associated with buying into new platforms or technologies; and the unknown nature, uses and exact workings of new products.

Brands also work as filters and barriers to innovation by blocking out those innovations that do not ‘fit’ with a firm’s brand. Nonetheless in the long run firms and brands that do not update their products will not be competitive. There are countless examples of firms with strong brand-names that failed to provide the market with the right products (e.g. Atari, Pan Am). The fact that we still remember so many of these brands (and so little of their products) does, however, show the longevity and power of a strong brand.

**Fashioning brands**

Fashion and fashion clothing is one industry in which brand undoubtedly plays a significant role. Despite the omnipresence of brands in today’s fashion industry the branding of fashion goods is a relatively new phenomenon. In comparison to many other industries fashion was rather late in adopting the principles of Fordist mass production. Until the 1960s clothes and fashion was basically a craft orientated industry. With the advent of retail chains and the introduction of new production techniques it became customary for the mass production of clothes in large batch sizes (Crewe and Davenport 1992). With larger volumes and levels of standardization came greater pressures for producers and retailers to differentiate their products. Rapidly expanding clothing firms started adapting labelling and branding techniques from other consumer markets such as food, soap and other household goods (Olins 2003).

From the 1960s onwards fashion became ever more closely associated with popular culture, especially pop-music. The interconnected realms of popular culture and fashion led to a more diversified market for young and relatively wealthy consumers (Breward 2003: 150). This marked the introduction of a more fragmented and diverse fashion industry. Popular music reacted and adopted particular fashions (and therein firms) whilst
fashion firms increasingly strove to incorporate popular culture. By the 1970s even radically anti-fashion urban youth culture, such as punk, quickly became incorporated into an Adorno like culture industry. However, as yet fashion firms were still a fragmented mass of largely indistinguishable producers that aped the styles and symbols thrown to them by other sectors of popular culture.

During the 1980s a series of purposeful and completely unplanned phenomena slowly transformed the business models of the fashion and clothing industries; and in doing so placed a new emphasis on brand-building/management as a core corporate strategy and asset. Firstly, the 1980s saw the birth of a series of global fashion houses and luxury goods firms that consciously stressed strategic brand management. A number of entrepreneurs and high fashion designers started to switch their focus from the long standing tradition of working with individual collections and pieces to a more holistic idea of branded goods. Entrepreneurs such as Giorgio Armani, Calvin Klein and Gianni Versace worked to create organisations that would be able to withstand some of the vagaries of changing fashions and allow a suite of products (not just clothing) to be developed and sold.

Secondly, large media and luxury goods firms started a flood of mergers and acquisitions in the 1980s that placed many of the old fashion houses and designers within the context of an increasingly interlinked and professional set of corporate relations. These newly emergent fashion and luxury goods firms used careful brand management to redefine themselves as stable forces in the world of fashion: the cloths might change but you can still trust Armani to make you look good. Fashion is by definition ephemeral, elusive and highly unpredictable - a target that keeps moving (Crewe 2001). As brands grew in value and popular appeal, brands became vehicles allowing larger firms to diversify from clothing into other markets: perfumes, cosmetics, underwear, bedding and interior textiles, and accessories. More recently diversification has gotten to the point where there need be no connection to clothing or personal attire: Versace and Bulgari hotels; Gucci branded cafes; Dolce & Gabbana and Gianfranco Ferre spas; Armani nightclubs and florists. Whilst the allure and mystic around the idea of creative individuals in Western culture means such brands usually have a central creative figure, the strength of the brand allows these figures to delegate design duties and eventually for them to step down or be replaced.

Thirdly, the 1980s brought with it new levels of strategic and conscious brand building and management, a series of phenomena that were unplanned or outside the fashion industry’s control served to further accelerate fashion’s recasting as a brand dominated industry. In the 80s some of the traditional French fashion houses had deep economical
difficulties, and licensing their name or logo became a way to address their financial problems. Fashion companies began to license their brand to manufacturers in other sectors looking to find new ways to differentiate their products and add value: e.g. manufacturers of spectacles, sunglasses, pens, crockery, wallpaper, bed linen, etc. This reached its peak in the late 80s; the French fashion house Pierre Cardin had over 800 licenses worldwide (Agins 1999). Rather than being subservient to the fashion houses the licensees driven by their own profit motives used their resources to further push the idea of fashion brands into the consciousness of consumers.

Lastly, in the 1980s separations between fashion and sportswear became blurred, and brand name logos became ever more visible on clothes (Agins 1999). Innovations in the use of placing of logos and the positioning of branded sportswear in the marketplace soon spread to other areas of fashion. Inspired by convergences between sportswear and high fashion, companies like Tommy Hilfiger and Polo (a Ralph Lauren sub-brand) started using highly visible logos on garments: to the extent that the garments themselves functioned as brand billboards (Agins 1999). By the 1990s even the most mass market producers and retailers started integrating brand into every aspect of their strategies. As more and more brands proliferated the delineation between ‘true’ fashion and ‘ordinary’ clothes has started becoming very blurred. Big retailers and chain stores now make extensive use of line- and store-branding in an attempt to distinguish themselves from their high-street neighbours. Indeed some big retailers – such as Gap – have established themselves in consumers’ minds in much the same way as the luxury brands: not merely purveyors of clothing but symbols of certain lifestyles and social characteristics.

If the rise of brand has become a preoccupation for virtually all clothing and fashion firms then the mechanisms by which brands are built often go counter to ideas of rational production chain management. The importance of brand brings with it a reorganisation of what the most strategically important activities and concerns of the firm may be. Crucially there tends to be less emphasis on products’ individual characteristics. For example, products may be developed and used as vehicles to broaden and strengthen the brand rather than brands existing to simply sell products. The focus on the entirety of the brand can also have the effect of doing away with the maxim that all business units must be financially viable; and led to greater consciousness of the need to horizontally integrate the fortunes of very disparate corporate activities. A good example of such a total-business focus is the contemporary role of classic haute couture. Due to the enormous costs of catwalk shows, the expensive of producing highly experimental and expensive individually tailored
garments, and the fact that there are very few customers rich enough to afford the creations, haute couture has for many years been a significant loss maker for the vast majority of those involved (Pavitt 2000). However, the willingness of the luxury goods firms to continually invest in competing in this rarefied activity is due to the impact haute couture has on brand profile and publicity. Just as automobile manufacturers sponsor Formula One racing teams, fashion firms use haute couture as a vehicle for advertising brand values: values consumers can buy into through the purchase of perfumes, cosmetics, prêt-à-porter, etc.

Thus, in the last 30 years or so we can see the evolution of a fashion industry that has a global reach far removed from the highly localised and craft based fashion clothing industries of old. The current dominance of brand thinking in the industry reflected an institutional shift in the fashion industry. This institutional shift means that firms must compete within a highly branded marketplace where their own branding strategies (and anti-strategies) will account for their long term survival. The fact that brand is a central institution in fashion does not just imply a greater need to pay attention to advertising and image; it also brings with it a series of new possibilities for diversification and risk management, and thus organizational changes within and between firms. Not least of these have been firm growth and consolidation and the emergence of global fashion conglomerates that are not just about clothing but luxury goods in general. Thus building brands and brand loyalty now takes pole position in determining the industrial and innovation dynamics of the fashion industry.

Whilst the highly clustered and agglomerated nature of the production and management of fashion (Scott 1996; Scott 2000; Rantisi 2002; Rantisi 2004) lends a spatial fix to those that produce fashion brands other things also make fashion brands highly place dependent. Primarily they are bound into the particular spatialities of consumers and where the largest consumer groups are found.

**Figure 2: NYC awards itself the title of global fashion capital** (Photo Atle Hauge)
However, brands’ spatialities mirror not only where consumers are but also where they aspire to be. Fashion firms are highly aware of the effect of status spaces on brands and go to considerable lengths to place or connect their products with certain places. Firms use place based names (such as DKNY) or associations (Paris Fashion) in an attempt to incorporate positive city images into their brands. Investments in flagship stores on certain streets in certain cities are also symptomatic of this. Thus fashion cities exist both as “actual site[s] of elite fashion consumption and as an imagined space[s] of fashion fantasy” (Gilbert 2000: 18). Of course, the connections between the spatial context of fashion and the city is two way: fashion feeds off associations with particular places and those places are branded by their connection to fashion. It would be wrong, however, to think that the various spatial and industrial processes that make fashion brands are always predictable or manageable.

**Chequered histories: where was Burberry’s brand built?**

The case of the fashion company Burberry exemplifies how brands can be seen as systemic processes: not just a question of firm centric action but a construction by networks of diverse actors. The Burberry story illustrates the ways in which brand thinking can restructure a firm but also how entering into such an institutional context means that firms are exposed to complex sets of actors and geographies that have considerable powers over firm actions and survival.

Founded 1856 Burberry has a long history as one of the standard bearers of high quality British clothing. From the beginning the company was founded on innovation and was responsible for the invention and patenting of the breathable and weatherproof fabric ‘gabardine’. The fabric was used in products from clothing to extreme weather gear: when Roald Amundsen reached the South Pole in 1911 he left a gabardine tent behind to let Scott know he made it first. The firm’s reputation for innovation coupled with strong and durable clothes meant that by the First World War they were one of the British Army’s chief suppliers. The coat they designed for British troops fighting in the trenches became known as the ‘trench coat’ and in turn a much copied stable of the clothing industry. However, by the late 1990s Burberry was a company in serious trouble: profits dropped by 60% between 1997 and 1998. They where described by leading financial analysts as “an outdated business with a fashion cachet of almost zero” (Moore and Birtwistle 2004: 412). But in the last few years Burberry has, together with a network of partners and co-operators, successfully reorganised its business around the single goal of updating the brand image to give a more exclusive feel.
As fashion journalist Susy Menkes puts it: “Who could believe that a Burberry bikini could be a hotter item than a raincoat?” (Menkes 2002)

The reorganisation of Burberry’s business model started out with a series of internal organisational changes. The most visible of these were the appointments of a new chief executive in 1997: Rosie Marie Bravo, former president of Saks 5th Avenue. The new management quickly decided on a three sided strategy to reposition the brand: stricter control of the brand’s distribution and retail (Moore and Birtwistle 2004); an increased focus on design and product development; and updated brand management.

Central to repositioning Burberry was the need to better control where and how the brand was distributed and how they licensed it. The licensing of designer brands depends often upon maintaining the mark of distinction that the designers’ signature is seen to impart (Antonelli 2000: 52) and thus licensees and products must be carefully chosen. The firm worked to clean up its value chain through, for example, redrawing what was considered to be a poorly controlled licensing strategy. Central to the renegotiation of licensing was the idea that only licensing partners considered having the capability to enhance the brand would be chosen. This meant that product groups such as fragrance, eyewear, watches and children’s wear were focused upon. Also it meant that partner firms were to have experience in and a solid reputation in the production and placing of luxury goods: for example, the Italian eyewear manufacturer Safilio Group who also produces eyewear for the other multi-brand luxury goods companies such as Gucci, Dior, Armani, Polo Ralph Lauren and Yves Saint Laurent. However, it is not only spin-off products but also core products that are often produced and sold under licensing relationships. This sort of licensing is a highly regionalised activity in the luxury goods world and is a standard practice in Asian markets: in Japan Burberry operates through a series of partners – principally Mitusi and Sanyo - who design, manufacture and distribute products under the Burberry brand (Moore and Birtwistle 2004).

The new strategy also entailed reorganising the ‘shop front’ to reflect the exclusivity the company now aimed at. Stock was
withdrawn from so called ‘non-core’ retailers and Burberry opened up their own high-profile ‘flagship stores’ in exclusive shopping areas around the world. Just as other fashion houses have done, the opening of expensive flagship stores was seen by many as less an attempt to sell higher volumes then to do with establishing – in bricks and mortar – the new position of the brand. It was thought to be important to show that Burberry belonged in the same geographic and metaphoric neighbourhoods as other international luxury brands.

Finally, a new set of design principals – the fashion industry’s main R&D focus – were instituted to combat the perception that the firm was trading largely on its wealth of historical innovations. The most obvious sign of this was the hiring of a new design director, Christopher Bailey who had previously worked for Gucci and Donna Karan. This new design focus rested upon a tiered system of brands and collections under the Burberry umbrella. The top tier was the exclusive Burberry Porsum line under direct control of Bailey. This top tier was intended to show avant-garde high fashion which would establish seasonal creative directions (and garner global press) that the lower tiers could take up and diffuse. Under this layer of catwalk glamour several diffusion lines were developed: the ready-to-wear Burberry London, the ‘youth’ brand Thomas Burberry, and a range of accessories such as bags, shoes, umbrellas, etc.

However, it would be wrong to think that improving manufacture, distribution, new designs and R&D were the main foci in the redirection of the company. Burberry’s new management concluded that the company’s prime asset was the brand. Based on its long history and the customers it traditionally served, this brand was thought to one signalling traditional British heritage, history and craftsmanship. However, it was not widely regarded as especially exciting. The brand was thus updated. For the company this meant some management changes, some graphic design changes such as a new logo and packaging, and the changing of the firm’s name from Burberry’s to Burberry. However, it was a high profile set of adverts that was the most demonstrable sign of the new identity they were after. A global advertising campaign fronted by supermodel Kate Moss in a re-designed trench coat was launched. These adverts encapsulated a supposedly updated version of English countryside style. The adverts were full of traditional countryside motifs and subtle references to the English gentry mixed with languid waifs nonchalantly touting Burberry’s latest products. In short, a blend of traditional England and contemporary British that was hoped to keep the traditional consumer base but also attract new, more fashion conscious customers.
“Burberry today is leveraging the strength of its heritage by continually promoting design innovation, reinventing its icons to enhance their aspirational appeal, balancing its classic sensibility with modernity and infusing quality with style to make these core values relevant for now and future generations.”

(Burberry Group plc 2005: 86)

The rebranding was an enormous success and the company’s revenues and status were dramatically turned around. Between 2000 and mid-2005 their share price had almost
doubled; and increased profits and higher margins on revenues that grew from £427.8 million in 2001 to £715.5 million in 2005 (Burberry Group plc 2005).

Whilst Burberry itself was playing with different combinations of expensive Milanese catwalks and bright young things having champagne picnics on the lawns of Brideshead, in other places around the world very different sets of ‘target groups’ began to take the Burberry brand in new directions. Subcultures in two very different countries and contexts embraced Burberry, and in particular its trademark check pattern.

In late 1990s USA, rap and hip hop culture entered a new level of obsession with luxury goods and aspirational status symbols. This obsession soon meant that legions of music consumers were exposed, in the lyrics, videos and lifestyles of their entertainers, to luxury brands. In the process these brands became recast in the light of the streets and ghettos where rap and hip hop were founded. One thing that Burberry had not initially planned for was the adoption of the classic check men’s wear brand by hip-hop culture. The biggest stars of US rap and hip hop - such as Ja Rule, Nelly and Foxy Brown among many others - were suddenly fans of Burberry’s traditional check pattern: wearing and singing about the brand. The global appeal and cultural influence of US rap and hip-hop meant that Burberry’s brand rapidly became incorporated into a transnational lexicon of ‘urban’, rap, and hip-hop cultural registers and usages.

At home in Britain, a different subculture became devoted followers of the famous Burberry pattern. Burberry check, in particular checked baseball caps, became a symbol of so called ‘chavs’ – a derogatory term for uneducated, uncultured British working class youths associated with antisocial behaviour - or ‘casuals’ - British football hooligans that dress ‘smart but casual’ (Thornton 2003; Pfanner 2004). For the ‘casuals’ fashion clothing was part of a set of community markers and an attempt to blend in with the public before and after matches in order to avoid police attention (Pfanner 2004). Indeed Thornton suggests that since the 1970s football hooligans have dressed ‘casually’ with a special love for highly branded clothing (Thornton 2003). Along with other brands (such as Stone Island and Aquascutum) Burberry became the brand of choice for football hooligans and later ‘chavs’. In some English towns, such as Leicester and Newcastle upon Tyne, Burberry’s signature check became so widely adopted by these undesirable groups that pubs started banning guests wearing the brand.1 Officially Burberry did not recognize this as a problem: “with regard to the Leicester issue, it’s clearly a localised issue and to be honest it’s actually quite

1 http://www.fashionunited.co.uk/news/burberry.htm
in insignificant in the face of the brand’s global appeal.”

However, the company stopped producing the baseball cap that had become the most potent symbol of ‘casuals’ and ‘chavs’; a decision that The Sun newspaper deplored in its “Proud to be a Chav” campaign. Burberry later admitted that its popularity among ‘chavs’ had contributed towards poor sales figures. More recently Burberry has started to tone down their use of the check pattern itself.

Popularity with disenfranchised British youth or US rap culture may have added relatively little to Burberry’s sales volumes since many of the checked items worn by their new low income fans were pirate copies. Whilst piracy is a problem for any firm trading on intellectual capital it is merely a symbol of a wider set of problems that brand dependent firms must deal with. In fashion, brand value is highly related to identity and therein some level of exclusivity: the feeling of the special/exclusive connection the consumer shares with the brand. For a luxury goods firm there is a difficult balance to be made between maintaining/building exclusivity and the fact that growing popularity ultimately undermines exclusivity. If piracy was a problem for Burberry it was less a problem of customers switching to fakes than it was a problem of the brand becoming the exclusive domain of the ‘wrong’ customers. The problem is not the dangers of substitutes but the erosion of the brand in the eyes of those customers willing and happy to pay for the real thing.

In the context of this working paper what is most interesting about the case of Burberry is that it shows how interconnected fashion design, production, retail and entertainment are, and says much about the interlocking circuits of production and consumption, imitation and innovation in the fashion industry. The case clearly shows how consumers actively participate in the creation of meanings brands rely upon; and that the meanings consumers apply to a brand are often outside the control of the copyright holder. This said, the relationship should not be seen as a simple story of turning the tables – the consumer bites back – but as a much more complex and fluid reflexive relation where the brand is a mutual endeavour.

The implication of such cases is that brand meaning cannot be seen as delivered by marketers. Brand meanings, and therein commercial success or failure, are socially negotiated through reciprocal, socially embedded processes (Fournier 1998). Manufacturing companies and their marketing agencies may try to construct brands, but brand values are increasingly ideas that are more likely to be created by consumers and user communities. Companies will try to control the message, but the consumer is always an active participant in

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2 [http://news.bbc.co.uk/1/hi/england/leicestershire/3583900.stm](http://news.bbc.co.uk/1/hi/england/leicestershire/3583900.stm)
3 [http://www.timesonline.co.uk/article/0,,2-1450746,00.html](http://www.timesonline.co.uk/article/0,,2-1450746,00.html)
crafting the messages brands offer. How ‘casuals’, ‘chavs’ or indeed everyday consumers use Burberry is an example how of consumer groups very often defy (or radically appropriate) marketing constructions.

Such observations should serve as a warning that in heavily branded marketplaces explanations of competitiveness that do not take adequate account of consumers tend to be only very partial. It is of course important for firms to have quality products, good retail networks, good licensing etc, but this is all in reality only the infrastructure to support the essential product: the brand and customer equity. A brand’s ability to evolve is innovation, and consumers are key resources (as well as targets) in this process (Rust et al. 2004). This is vital since whilst the brand process might be reflexive and interactive in character the firm ultimately has much more to lose than the consumer.

Such cases also alert us to the inherent spatiality of the links between producers and consumers – and how institutions such as brands enfold in space and geography. There is a considerable gulf between the study of brands’ construction through global systems of consumption and provision and social scientists’ usual preference for the study of consumers’ actions in local or national settings. In the case of Burberry and many global firms, brand value and reception is not only constructed within the firm’s localized industrial milieu but also in its entire production, distribution, marketing and retail chain. Moreover brand value and reception is (re)constructed within interlinked networks of local and transnational cultural and consumption dynamics: i.e. by consumers and the various spatial scales they construct their consumption practices within. Thus various spatial scales are involved in the process of brand construction and reinterpretation.

The complexity of such intersecting spatial scales means that standard ideas of breaking up the business into a series of territories no longer really apply. It is difficult to draw clear boundaries between, for instance, the very different subcultures and localities involved in the symbolic as well as commercial success of the brand. With the complex crosscurrents and pollinations that connect modern (sub)cultures it is hard to manage different regions or groups in geographical blocks; despite the fact that each geographical area needs very specific and targeted management. It is not enough then for firms, or social scientists interested in them, to think about the spatiality of design and production: whether they should outsource production or put R&D in a clustered context. They must also think about the fact that their corporate geography is inherently tied to their brands’ geographies: geographies which rely on production chains and global fashion hotspots but also on highly localized consumer communities and transnational or virtual spaces of culture and information.
Conclusion

In this working paper we have argued that brands are an essential component and institution with the contemporary economy with an important effect on firms, innovation and industrial dynamics. We suggest that brands should be seen from an institutional perspective and that brands are negotiated processes deeply embedded in socio-spatially interactions. Such a focus on reflexively negotiated institutions where the consumer is credited with a central role alerts us to some limitations with many mainstream explanations of economic geographical processes. Economic geography as a discipline has overwhelmingly focused on supply-side processes in accounting for firms’ actions and spatialities. As a discipline the search for answers to questions of economic success have most often been turned into a search for the best methods by which goods or services can be produced and supplied. This has meant that we have tended to focus on product-based innovation, firm-level actions, and systems of organisation within industries. Though work in these areas has enriched our knowledge of economic processes enormously it runs the danger of drawing artificial lines between systems of production/supply and the markets/consumers they serve.

Thus despite economic geography’s fixation on innovation, network relations, learning and globalisation, it seems that many of our theories and accounts stop abruptly as the products leave the factory gates. Indeed it often seems that there is an implicit assumption that if the product is technically and technologically excellent it will find informed and rational customers eager to reward firms and regions investments in innovation and quality. Commodity chain research has attempted to go beyond this type of reasoning by suggesting that chains can equally be demand driven as well as supply driven (Gereffi 1994). However even these explanations still tend to marginalize the role of consumers in commodity processes: by focusing on ‘buyers’ rather than ‘consumers’: and both focusing on chains rather reflexive systems. This strikes us as rather strange since many in economic geography have been very harsh in their criticism of Homo Economicus. When it comes to market choices in consumer products industries decisions are often based less on accurate appraisals of innovation or utility and rather more often on highly subjective, biased and imperfect information. In addition, branded goods are highly vulnerable to rapid consumer changes since the construction and reception of their meanings are contested and subject to radical reinterpretation that is often far beyond the control of the brands’ owners.
We suggest then that in many contemporary industries and markets brands are a key focus for economic activity and are created by businesses and sold as economic offerings to consumers. However, this simplifies the relationship between business and consumer because intangible objects like brands are created as much in their reception as in their ‘production’. The existence of brands as institutions has implications for how industries are organised, how firms compete and the economic geography of how an industry will look and work. Emphasising the importance of such intangible and immaterial aspects of firms’ output and emphasising the role of consumer interactions has implications not only for the economic processes we examine but also for the types of spaces and spatial processes we may need to examine. Moreover institutional settings are highly contested and negotiated socio-spatial phenomena that involve far more actors and spatialities than traditionally included in our understandings of innovation, competitiveness and commodity chains. Thus we suggest that by taking brands as core products around which industrial systems are often focused economic geography and industrial analysis can better understand the institutions governing growth and change within our ever more globalized and commoditized economy.
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