Unlikely Marriages: An Examination of Customer-Visible Partnerships Between Prestige Brands and Mass-Market Distributors

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Declaration

I hereby declare that this thesis is my own work and that, to the best of my knowledge and belief, it contains no material previously published or produced by myself or any other party in fulfillment, partial or otherwise, of any other degree or diploma at The University of Sydney or any other educational institution, except where due acknowledgement is made in the thesis.

Julia Fetherston

4 November 2008
The Honours programme in International Business has been a deeply rewarding and challenging experience. My most heartfelt thanks to my supervisor Dr Richard Seymour. I am so appreciative of his unfailingly good advice, his endless enthusiasm and his limitless kindness. I am indebted to him not only for his supervision, but his mentorship. I would also like to thank the members of my dissertation committee Professor Sid Gray and Dr Catherine Welch for their advice and feedback. Thanks also to Professor Ben Tipton for his insights until his retirement mid-way through 2008. I also thank the faculty and staff of the Discipline of International Business for their ongoing support and guidance throughout this year.

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I thank the participants in my study for their time and rich insights; without them, this study would not have been possible. I also extend my sincere gratitude to Mr. Sandy Beard and CVC for their gift of the CVC Scholarship in International Entrepreneurship Research. I hope that this thesis is a worthy testament to their support and generosity.

To my family - Yvonne, Roger, Michael, Clare, Jerry and Marea – thank you for your love and encouragement. Particular thanks are due to Yvonne, for her eagle-eyed proofreading. To my dear, dear friends for their good humour, patience, interest and encouragement, I express my sincere appreciation. To the staff at The Women’s College, especially Yvonne Rate, Tiffany Donnelly and Mary McGuirk – thank you for your kindness and generosity over the past four years.

I am very fortunate to have been able to share this experience with you all – thank you.
The prestige goods industry is founded on exclusivity and premium pricing. The challenge for the industry is extracting that premium from the greatest possible number of consumers (the mass-market), while retaining the exclusivity that permits the extraction of that premium. Prestige / mass-market partnerships (PMMP) – one-off, co-branded partnerships between prestige designers and mass-market clothing retailers are increasingly used by participants in the industry to negotiate that precarious balance between volume sales and premium pricing. Exclusivity is the key source of competitive advantage for prestige brands; that exclusivity would appear to be prima facie compromised by undertaking a PMMP.

A review of the literature in branding, strategy and organisational research, it was found that none of these schools would direct a prestige partner to undertake a PMMP. Yet PMMPs persist and proliferate in the fashion industry. Either the prestige partners need a new strategy or researchers need a new paradigm, or both. The question is: which is it?

This thesis has used a single case narrative to get inside a PMMP through the voice of the designer. It then provided three separate expert readings of that narrative. Those expert readings were found to have some explanatory power in relation to PMMPs but were unable to capture the rich tapestry of drivers on the prestige partner side. The dominant paradigms neglect the entrepreneur as a unit of analysis, over-rely on rational, linear models to explain a phenomenon that defies such categorization, and fail to appreciate the highly-specific context of the prestige fashion industry.
To achieve this end, the literature on entrepreneurial opportunism was introduced. From the prestige side, PMMPs can be conceived of as four related opportunity events – creative, business, learning and personal. Next, structuration theory was introduced as a means to analyse the context surrounding PMMPs. It was found that the designers is both constrained and enabled by the prestige fashion context; some counter-orthodox behaviour is permitted, and indeed encouraged, but the limits of acceptability are still clearly defined by the community of practitioners.

To capture the interaction between the entrepreneur, the opportunity and the context analysis, a model of drivers based on Sahlman’s (1996) PCDO model was proposed. This thesis has found that the drivers motivating prestige designers to enter PMMPs are significantly more nuanced and less linear than convention structure-strategy analyses might wish. Starting with the entrepreneur as the central unit of analysis is the most effective way to capture the range of drivers that stimulate a designer towards a PMMP.
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PART I

- Chapter 1: Introduction and Research Outline
- Chapter 2: Literature Review

Part II

- Chapter 3: Research Approach
- Chapter 4: The Narrative and the Readings

Part III

- Chapter 5: Findings, Discussion and Conclusion
- Chapter 6: Contributions, Limitations and Further Research
CHAPTER 1: INTRODUCTION

It should not come as a startling revelation that people will pay a premium for designer-branded goods – the prestige fashion industry is founded on exclusivity and premium pricing. The strategic challenge for the industry is extracting that premium from the greatest possible number of consumers (the mass-market), while retaining the exclusivity that permits the extraction of that premium. Move too far into the mass-market - as Pierre Cardin and Gucci did - and the result is the destruction of a brand (Thomas 2007). Remain too exclusive, and the lack of sales could strangle a business, as with Lacroix (Ageorges 2005). Prestige / mass-market partnerships (PMMP) are increasingly executed by participants in the industry to negotiate that precarious balance between volume sales and premium pricing. Whether prestige brands have successfully managed to have their cake and eat it too has remained something of an open question. This thesis will explore whether such partnerships are endorsed by academic literature and, using the entrepreneurial opportunity and structuration literature, provides an integrated theoretical framework for understanding the structure, strategy and motivations underlying PMMPs from the prestige side of the partnership.

1.1 AIMS OF THE RESEARCH

This thesis investigates how and why fashion designers undertake customer-visible partnerships with mass-market firms to secure competitive advantage. This study has two broad aims: (1) to investigate a little-understood phenomenon and (2) to better understand why the dominant schools of thought used in analysis of business phenomena have little to say on the subject. The explanatory powers of strategy, branding and organisational behaviour are investigated and found wanting. Through multiple readings of a single
narrative case, the implicit concepts and constructs of these dominant schools are identified. Alternative approaches (in the form of entrepreneurial opportunism and structuration theory) are introduced as a means to better understand the multi-faceted motivations of prestige partners. A multi-dimensional framework is proposed that captures this rich complexity.

1.2 SETTING THE CONTEXT

Contemporary premium or luxury brands must achieve that torturous balance between exclusivity and mass desirability, limited availability and wide recognition, high quality and low margins (Catry 2003). In the quest for that elusive triumvirate, many premium brands have turned to collaborations with middle-market firms to extend their product range and brand reach (For an overview of this trend see Thomas 2007). In recent years, the fashion landscape has been dotted with, and perhaps inexorably altered by, the phenomenon of capsule clothing collections.

Designs spring forth from prestige fashion designers and their houses to be delivered by middle market retailers at a price their customers can afford under a co-branded label. For instance, a collaboration might take the form of a product collaboration such as 2007’s ‘Stella McCartney for Target’, in which the ultra-high-end London fashion designer produced a co-branded capsule collection for the Australian discount department store Target (Target Australia 2008). Prestige designers Zac Posen, Yeojin Bae, Gail Sorronda, Collette Dinnigan and Josh Goot have all subsequently created capsule clothing collections under their own names for an Australian discount department store (Target Australia 2008). Similarly, Viktor and Rolf, Karl Lagerfeld and Stella McCartney (again) have collaborated with Swedish fast-fashion retailer H&M (Vogue.com(UK) 2006). In so doing,
prestige brands trade away the aura of exclusivity that shrouds their products. Such collaborations are increasingly part of the fashion business. Whether or not they are more business than fashion; that is, whether such collaborations truly offer a site of value creation and capture for the prestige brand is the broad subject of this thesis.

1.2.1 An increasingly visible phenomenon

PMMPs are an increasingly visible phenomenon. Scarcely a week passes without *Blacks Retail Analysis* (2008), an industry news aggregator, reporting some new collaboration between a prestige brand and a mass-market retailer. Second, PMMPs occur between firms operating in the same product category (clothing), but at polar ends of that category. Third, by changing the basis on which both the prestige and mass-market firms traditionally operate and compete, such collaborations appear to represent a shift in strategy for both parties.

1.2.2 The prestige / mass-market partnership

As will be discussed in Chapter 2, one of gaps in the existing literature is the lack of classifications or taxonomies to describe the partnerships intended for investigation. In this thesis, the design partner will be referred to as the “prestige partner”. The firms with a substantially undifferentiated product base will be referred to as the “mass-market partner”. The collaborations themselves will be referred to as “prestige / mass-market partnerships” or PMMPs. To illustrate, in the example discussed above, Stella McCartney acted as the prestige partner, Target Australia as the mass-market partner. The PMMP on which the two parties collaborated was ‘Stella McCartney for Target’.
1.3 RESEARCH QUESTIONS

The following questions will guide the research strategy: (i) What drives collaboration between firms in distinct, even extreme, fashion industry segments? (ii) What theoretical domains can increase our understanding of a prestige brand’s apparently self-destructive motives in tying its exclusive identity to that of a ubiquitous mass-market retailer?

1.4 RESEARCH MOTIVATIONS

The broad motivation underlying this thesis is the production of a comprehensive theoretical account of the structures, strategies and motivations, structure and strategy underlying PMMPs. Two specific motivations are considered below: the little understood mature of PMMPs and the lack of a theoretical framework to adequately account for this seemingly paradoxical collaboration.

1.4.1 A little-understood phenomenon

Despite their increasing visibility, the phenomenon of PMMPs remains little-understood. There is little literature specifically on point. Much of the literature on luxury fashion has failed to fully come to grips with the significant reorganisation and diversification of the sector in the past three decades (See, for instance, Webb, 2007, 107-130; Thomas, 2007, 235-269) and the implied pressures that that reorganisation has wrought. Further, much of the literature on the fashion industry focuses on either the business of fashion (Catry 2003; Silverstein and Fiske 2005; Bruce 2007) or fashion design as a creative or communicative process (Davis 1989; Crane 1997; Davis 2007) but seldom are those two imperatives considered together as a genuine “creative enterprise” (Eckert and Stacey 2001). The paucity of analysis on PMMPs is especially striking given the highly variable success rates of such partnerships. Some collaborations have succeeded in generating enormous value for
both parties while others have been financial failures (Menkes 2004; Wells and Weekes 2007). Yet the number of firms willing to couple up appears undiminished.

1.4.2 Unholy alliances: The partnership paradox

The business case for collaboration between premium brands and firms with a traditionally undifferentiated product base is at once intuitively sensible and inherently contradictory. Basic rational choice analysis would suggest that each party must reasonably derive more benefits than costs from the alliance (Arrow 1987). Those benefits must be something that the alliance parties could not capture as efficiently on their own (Prahalad and Hamel 1990). On the other hand, the value proposition of a prestige goods firm is premised on exclusivity; they derive their competitive advantage in the marketplace from the very fact that most of their products are out of reach of most consumers (Catry 2003). In a PMMP, that exclusivity is traded for wider accessibility. But far from opening a new distribution channel, the window of opportunity is short-lived. Collaborations are one-off and short-run, with no chance of providing an ongoing revenue stream for the prestige brand.

The PMMP also moves designer-branded products into a new distribution venue, over which the prestige brand has little to no control. It is a truth universally acknowledged in the prestige goods industry that the biggest margin is made by the retailer, rather than the manufacturer (Sebag-Montefiore 1992). Since the 1980s, that unshakeable belief has led prestige brands to pursue vertical integration as the dominant business model (Davis and Kay 1990). Brands such as Dior and Gucci have clawed back control over their distribution, while prestige conglomerate LVMH maintains its stranglehold over points of purchase for its products with its veritable empire of duty-free stores (Gay Forden 2001). Many boutique designers cherry-pick contracts with high-end department stores in preference to
being ubiquitous (Marsh 2003; Thomas 2007). This rigid control feeds the perceived exclusivity of the brand, certainly. But it is also emblematic of the desire of prestige firms to control the image of their brand at every turn. PMMPs are at odds with both the conventional wisdom and accepted practice in prestige goods distribution and brand management.

The advantages for the mass-market firm are more immediately apparent. The mass-market firm is able to place a designer-branded product amongst its existing product lines, at a price point many, if not most, of its customers can afford. Simultaneously, the mass-market firm is able to “borrow” the brand equity of the premium brand, usually amidst a blaze of publicity, while the premium firm shoulders the reputation risk associated with failure. The real puzzle, therefore, is to understand what prompts prestige firms to enter such partnerships given the seemingly self-evident risk to their core source of competitive advantage. This study’s objective is to generate a more comprehensive understanding of this paradoxical, but increasingly prominent strategic choice.

1.5 GAPS IDENTIFIED IN THE LITERATURE

Despite the publicity that they generate, little has been written about PMMPs in an academic context. In analysing similar phenomena, three schools of thought have typically been used: (1) branding (2) organisational behaviour and (3) business strategy. Applying these existing theories leads one to conclude that PMMPs are almost always illogical. Yet, the empirical evidence indicates that PMMPs are both persisting and proliferating as a strategic choice.
The partnerships under inquiry are not brand extensions, but do extend a luxury brand’s equity into a new field. Inappropriate or customer-irrelevant brand extensions will ultimately fatally dilute a brand’s equity (Loken and Roedder-John 1993). In a similar vein, Jackson (2004) argues that brand extensions can succeed, provided that they still meet all the characteristics customers typically associate with the original brand. The co-branding literature suggests that PMMPs inherently require some dilution of the prestige firm’s brand equity, given that their purpose is to make a traditionally exclusive brand available at a mid-market price point (Aaker 1996; Levin, Davis et al. 1996; Leuthesser, Kohli et al. 2003).


Organisational behaviour research suggests that firms should partner with organisations with complementary capabilities (Cravens, Shipp et al. 1994; Lambert, Emmelhainz et al. 1996). Indeed, PMMPs do provide a new distribution venue for prestige brands. But given that the partnership compromises their own core competence – the maintenance and evocation of exclusivity – that is apparently not a platform they should want.

None of the bodies of literature are, on their own, able to give a fulsome account of why and how these collaborations take shape. There is presently no comprehensive theoretical
explanation that accounts for the motivations of the prestige partner. Applying the dominant frames of analysis, PMMPs will almost always be an illogical choice for the prestige partners. Yet the empirical evidence suggests that these salutary lessons have not been learnt by designers (Menkes 2004; Menkes 2007; Wells and Weekes 2007). Either the prestige partners need a new strategy or researchers need a new paradigm, or both. The question is: which is it?

1.6 RESEARCH STRATEGY AND METHODOLOGY

Following the literature review, a dual strategy interpretive research approach was envisioned. Stage 1 uses Narrative Strategy to tell the story of a single case of a PMMP, from the perspective of the prestige designer. Stage 2 makes use of the Alternate Templates strategy to “read” the Stage 1 Narrative from three perspectives. That data was then coded and interpreted. It is found that reliance on rational and deterministic models of firm behaviour does not adequately capture the complex motivations underlying PMMPs. The literature on entrepreneurial opportunity and structuration is then introduced as a means to incorporate the designer-entrepreneur as a unit of analysis and to account for the dynamic context in which PMMPs have risen to prominence as a strategic choice. An integrated theoretical framework of the prestige-side drivers of PMMPs is proposed.

1.7 STRUCTURE OF THE THESIS

This thesis is divided into six chapters. This introductory chapter has laid out the research question and located it within its academic and real-world context. It has then described the overall approach to be pursued in this thesis.
Chapter 2 reviews the literature relating to prestige and mass-market firms. First, it lays out the phenomenon of PMMPs in detail. The state of research in strategy, branding and organisational behaviour is appraised to determine whether any or all might provide a framework for understanding PMMPs. It concludes that none of the conventional approaches reviewed would direct prestige firms to undertake a PMMP. Further exploratory research is therefore wholly justified to understand the persistence and proliferation of the phenomenon.

Chapter 3 outlines the research agenda adopted in this thesis. The three-stage research process is explained and its relevance and appropriateness to this thesis is articulated. This dual approach allows the richness of a single case to be analysed while simultaneously exploring the underlying assumptions and implicit conceptual models that have inhibited understanding of the phenomenon within the dominant paradigms.

Chapter 4 presents the case narrative and the three separate readings of that narrative. That narrative and the readings are in the words of the research participants, thereby allowing the narrative and the readings of it to stand, as far as possible, for themselves within the overall study.

Chapter 5 presents the findings of this thesis. First, a multiple case content analysis is conducted using the three readings as texts. This analysis forms the basis on which the explanatory power of the three schools introduced in Chapter 2 are examined. Two additional streams of literature are introduced – entrepreneurial opportunism and
structuration theory – to provide a framework for understanding the drivers underlying PMMPs. These findings are then discussed and a conclusion drawn.

Chapter 6 reiterates the contributions of this thesis to theory, practice and method. It then identifies the study’s limitations and highlights some areas for further research.
CHAPTER 2: LITERATURE REVIEW

This chapter evaluates whether the existing literature can satisfactorily account for the complex, counter-intuitive, motives of firms undertaking prestige / mass-market partnerships. It is organised as follows: First, the nature of prestige / mass-market collaborations is defined. Specific examples of the phenomenon provide the context for a review of the literature on these and similar partnerships. Three dominant paradigms are reviewed: (1) branding, (2) strategy (3) organisational behaviour. Reviewing PMMPs against the extant literature, this chapter finds that none of these schools would direct prestige partners to undertake a PMMP. The chapter concludes with a discussion of why existing literature may not be appropriate for understanding such a phenomenon.

2.1 THE PHENOMENON OF PMMPS

In the past two decades, competition in the fashion industry has become both more intense and more complex. In the decade to 2008, the price of, and the market for, luxury goods has exploded (Wilson 2008). Yet those luxury retailers face the unenviable challenge of trying to grow sales volume and achieve universal recognition while jealously protecting an image of exclusivity for the brand (McCartney 2006; Thomas 2007). At the same time, almost universally across the developed economies, clothing is one of the few categories where prices have declined, down 10 percent since 1998 (Wilson 2008). Mass-market retailers must contend with shrinking margins and an insatiable consumer appetite for branded goods over their generic counterparts (Silverstein and Fiske 2005). In response to these competitive pressures, prestige brands and mass-market firms have collaborated in a race for the middle ground.
By delivering prestige-branded products (typically amidst a blaze of publicity) in an accessible format and at an achievable price, mass-market retailers appear to have hit on a winning formula for their particular dilemma. However, not all these collaborations have been successful (Bass and Binder 2005). That is no real skin off the mass-market retailer’s nose; they are in a commodity business. But racks of unsold designer, heavily discounted collections languishing in lower-end retailers have all but evaporated the mystique of exclusivity that once shrouded certain prestige-branded products (Wells and Weekes 2007). Despite this apparent reputation risk, the phenomenon persists, some five years after its rise to prominence (Wilson and Barbaro 2008).

2.1.1 The exclusivity effect: Defining a prestige brand

In the marketplace, luxury brands are readily identifiable but difficult to classify. Within the literature, the definitions of “prestige” or “luxury” are essentially contested (Jackson 2004). The most common definitions use the terms “prestige” or “luxury” roughly interchangeably to describe those products possessing some combination of high quality, high price and exclusivity (Phau and Prendergast 2000; Dubois, Laurent et al. 2001; Jackson 2004). Table 1 uses three of the most widely-accepted definitions of prestige brands to illustrate the extent of the disagreement.
Table 1: Definitions and characteristics of a luxury brand

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<td>‘Characterised by exclusivity, premium prices, image and status, which combine to make them desirable for reasons other than function.’</td>
<td>‘Luxury brands are those whose ratio of functional utility to price is low while the ratio of intangible and situational utility to price is high.’</td>
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<tr>
<th>Characteristics of a luxury brand</th>
<th>High quality</th>
<th>High purchase price</th>
<th>Exclusivity</th>
<th>High brand recognition</th>
<th>Heritage</th>
<th>Specialisation</th>
<th>Fashionability</th>
<th>Emotional / aesthetic appeal</th>
<th>Extravagance</th>
<th>Retail experience</th>
</tr>
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<tbody>
<tr>
<td>Excellent quality</td>
<td>High price</td>
<td>Scarcity and uniqueness</td>
<td>Critical mass</td>
<td>Global recognition</td>
<td>Ancestral heritage and personal history</td>
<td>Core competence and other products</td>
<td>Ability to time design shifts (where the category is fashion intensive).</td>
<td>Aesthetics and polysensuality</td>
<td>Superfluousness</td>
<td>Immaculate store presentation; superb customer service</td>
</tr>
<tr>
<td>High product quality and innovation</td>
<td></td>
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<td>Powerful advertising</td>
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The definition of prestige products favoured by economists is those products whose price and quality ratios are the market’s highest (Kort, Caulkins et al. 2006). Their price, therefore, is significantly higher than the price of a product with similar tangible features.
Similarly, Nueno and Quelch (1998: 61) define luxury products as ‘those whose ratio of functionality to price is low, while the ratio of intangible and situational utility to price is high’. This definition is a useful starting point for the contemporary luxury goods industry, but it does not account for any exclusivity beyond price. But the luxury status afforded to a brand is not driven by price alone and manifests itself as a spectrum rather than a dichotomy (Vigneron and Johnson 2004). In seeking to account for this hierarchy within the prestige category, Catry (2003, 11) argues that the products marketed by prestige brands must possess some exclusivity other than being price-prohibitive, emphasizing the ‘rarity factor’ as a prestige product’s distinguishing feature. Rarity may be actual (use of scarce materials, highly innovative design or technical construction), or manufactured (artificial shortages, limited series or selective distribution). The important point to note is this: the central value proposition and source of competitive advantage for a prestige goods firm is vested in the appearance of exclusivity for their products (Dubois, Laurent et al. 2001; Haid and Jackson 2006).

Having canvassed the range of definitions in the literature, prestige goods may be understood in the following context. Functionality is a given. Consumers are making their choice largely on brand (Dall’Olmo-Riley, Lomax et al. 2004). In arriving at a definition, therefore, the most meaningful unit of analysis will therefore be the brand, rather than the product. Prestige brands appeal to emotional desires more than material needs (Silverstein and Fiske 2005). The purchase of prestige brands also acts as a signaling mechanism (Kort, Caulkins et al. 2006). Whether or not the products embody particular quality characteristics is somewhat redundant; the question is whether or not consumers perceive the products of a particular brand as possessing these characteristics and whether their peers are likely to agree (Veblen 1899). In acknowledging that the concept of luxury or
prestige is subjective, Phau and Prendergast (2000) posit that prestige ‘brands compete on the ability to evoke exclusivity, a well-known brand identity...and perceived quality’ [emphasis added]. This tension between the appearance of exclusivity and the achievement of wide recognition the essential struggle every prestige brand faces in defining itself in the marketplace (Vigneron and Johnson 2004). The brands that achieve and sustain luxury status emerge out of an evolving, shifting and ultimately impressionistic market and consumer consensus (Vigneron and Johnson 2004; von Mises 2007).

2.1.2 One and the same: Defining a mass-market firm

The competitive characteristics of mass-market goods are centered around price, functionality and convenience, rather than significant emotional engagement with the product or brand (Silverstein and Fiske 2005). The product line of a mass-market firm is substantially undifferentiated from, or easily substitutable for, the products of the firm’s competitors. The firms, and their offerings, are much less likely to rely on a complex brand identity (Levitt 1980). All discount department stores offer a similar value proposition of cost-competitiveness and convenience (Prahalad and Hamel 1990). Equally, mass-market fashion retailers sell the same product (relatively inexpensive clothes) in the same way (own-branded stores) in the same shopping precincts the world over (Moore, Fernie et al. 2000; Crewe 2004). So even in cases such as retail fashion, where firms have distinct brand identities, the value proposition of inexpensive, quick-to-market, high-fashion clothes means that there will always be a variety of ready substitutes. Price and function operate more intensely than brand engagement in this environment (Kohli 1997).
2.1.3 The distinctiveness of PMMPs

PMMPs are typified by a short-lived collaboration between a high-end fashion designer and a low-end fashion retailer. They are generally one-off collections sold for a limited time. They reference elements of the designer’s main line or design philosophy. For instance, ‘Yeejin Bae for Target’ borrowed heavily from that designer’s use of the oversized bow as a design feature (Target Australia 2008). The impending release of ‘Comme des Garçons for H&M’ reflects lead designer’s Rei Kawakubo’s love of polka dots and heavily avant-garde construction (Alexander 2008). The clothes that comprise PMMPs tend to retail at higher prices than the mass-market retailers usual fashion offerings, but far below the price of the prestige partner’s main line.

Three important features of the collaborations under review distinguish them from other types of inter-business collaboration, making them difficult to slot into the existing literature. The first is that these partnerships are marriages between high and low-end firms. In that sense, they are different from the (now) relatively common product collaborations between prestige brands, such as the luxury car engineered by Bugatti and outfitted by prestige leathergoods house Hermès (King 2008). In that case, there is no particular risk to brand equity as the partnership is restricted to luxury partners and the still stratospherically-high price, limited production run and points of sale keeps exclusivity intact (Leuthesser, Kohli et al. 2003). In the case of a PMMP, the essence of the partnership is to attach a prestige brand identity to a lower-end product and deliver it in a lower-end venue.

Second, the partnerships are co-branded, so consumers are immediately aware of this move toward the low-end. Therefore, the collaborations are also distinct from, say, a
luxury Italian footwear brand surreptitiously outsourcing their manufacturing to a developing country (Amighini and Rabellotti 2006). The co-branded nature of this partnership means that calling attention to the move downmarket is unavoidable. Furthermore, the co-branding element necessarily links the prestige brand to the mass-market brand. This consanguination of brand names makes PMMPs distinct from distribution channel agreements, where a department store might sell a designer’s products, but makes no claim on the brand (Leuthesser, Kohli et al. 2003). In the same way, PMMPs are distinct from diffusion lines, where the design house might produce a less expensive version of its product, but continues to sell it in its own-branded stores, with only its own name associated with the product (Moore, Fernie et al. 2000). PMMPs are truly a shotgun marriage of brands: brief, intense and quickly dissolved. They necessarily tie up the equity of the prestige firm with that of the mass-market retailer. Third, PMMPs are undertaken between firms operating in the same product category (clothing). This differentiates them from high-end / low-end collaborations between firms that operate in entirely different product categories viz. consumer electronics firm LG and luxury brand Prada’s recent collaboration over a mobile phone (LG 2007). In such cases, the risk of cross-over or confusion is minimal (Leuthesser, Kohli et al. 2003). PMMPs appear to violate the cardinal rule of prestige fashion - that which we obtain too cheap we esteem too lightly. Despite this, the phenomenon appears to have shown no signs of abating, nor do mass-market retailers appear to have any difficulty recruiting new designers from the world’s most opulent fashion houses (Blacks Retail Analysis 2008). To evidence this claim, the three tables following summarise the use of PMMPs by three prominent mass-market retailers. This empirical data sets the context for the discussion to follow.
<table>
<thead>
<tr>
<th>PMMP</th>
<th>Prestige Partner</th>
<th>Launch Date</th>
<th>Product line</th>
<th>Prestige partner comments</th>
<th>Successful or otherwise?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wild Hearts</td>
<td>Collette Dinningan</td>
<td>May 2008</td>
<td>Women’s underwear</td>
<td>‘The collection features some of my signature lace, embroidery and silk printed fabrics which have been intricately designed to make women feel they can experience the exclusiveness of one of my garments’ (Target Australia 2008).</td>
<td>Significant discounting in some sizes and styles.</td>
</tr>
<tr>
<td>Zac Posen for</td>
<td>Zac Posen</td>
<td>April 2008</td>
<td>20-piece womenswear capsule collection, including a limited edition dress</td>
<td>‘It is very important to me that women feel wonderful in my garments...I'm very excited about this collaboration with Target. This range allows my clothes to be worn by a new customer.’ (Bieske 2008).</td>
<td>Discounting of up to 75% across the range.</td>
</tr>
<tr>
<td>Target</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yeojin Bae for Target</td>
<td>Yeojin Bae</td>
<td>October 2007</td>
<td>Womenswear capsule collection</td>
<td></td>
<td>Significant stock consolidation and discounting.</td>
</tr>
<tr>
<td>Gail Sorronda for Target</td>
<td>Gail Sorronda</td>
<td>October 2007</td>
<td>Womenswear capsule collection</td>
<td>‘You feel you may have to dumb it down but you can’t underestimate the intelligence of the consumer,’ she says. ‘People do want to take risks and they are excited by something that’s new.’ (Breen Burns 2007).</td>
<td>The collection generally sold well; significant discounting across some elements of the range.</td>
</tr>
<tr>
<td>Josh Goot for Target</td>
<td>Josh Goot</td>
<td>June 2007</td>
<td>12-piece sportswear-inspired womenswear collection</td>
<td>‘I have really enjoyed working with Target. I believe in the collection and in the concept as a whole.’ (Hoyer 2007).</td>
<td>Significant stock consolidation and discounting.</td>
</tr>
<tr>
<td>Stella McCartney for Target</td>
<td>Stella McCartney</td>
<td>March 2007</td>
<td>42-piece womenswear capsule collection</td>
<td>‘I wanted the collection for Target to reinterpret all the ‘best ofs’ and ‘must haves’ of Stella McCartney for Winter and make my designs more accessible to a wider audience in Australia.’ (Oyster Magazine 2007).</td>
<td>‘Although initially mesmerised by the hysteria generated by similar designer diffusion releases... overseas...their Stella McCartney for Target bits are still in the wardrobe. Or, they’re back [in] any one of 10 Target stores where the glut of excess unsold and returned stock was “consolidated” and finally, heavily discounted.’ (Breen Burns 2007)</td>
</tr>
<tr>
<td>Alice McCall for Target</td>
<td>Alice McCall</td>
<td>October 2006</td>
<td>Womenswear capsule collection</td>
<td>‘The bits sold, quick as a flash, and with only erratic and scattered media fanfare.’ (Breen Burns 2007)</td>
<td></td>
</tr>
<tr>
<td>Collaboration</td>
<td>Mass-Market partner</td>
<td>Prestige Partner</td>
<td>Launch Date</td>
<td>Product line</td>
<td>Mass-market partner comments</td>
</tr>
<tr>
<td>------------------------</td>
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<td>---------------</td>
<td>--------------</td>
<td>------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Comme des Garçons for H&amp;M</td>
<td>H&amp;M</td>
<td>Comme des Garçons</td>
<td>November 2008</td>
<td>Menswear, womenswear, childrenswear, accessories and a new unisex fragrance for the retailer</td>
<td>‘We have tremendous respect for Kawakubo’s fashion philosophy of questioning fashion’s ingrained patterns, and admire her artistic approach to design.’ (H&amp;M - Corporate 2008)</td>
</tr>
<tr>
<td>Marimekko for H&amp;M</td>
<td>H&amp;M</td>
<td>Marimekko</td>
<td>April 2008</td>
<td>Tribute collection cum licensing deal featuring the Finnish designer prints in a range of womenswear and menswear</td>
<td>‘Our design team has long admired Marimekko’s vivid prints and colours. When our designers came up with the idea of creating a collection with Marimekko prints, it felt natural and just the right time. The summer collection 2008 will be joyfully fresh like a vitamin injection.’ (Marimekko 2007)</td>
</tr>
<tr>
<td>Roberto Cavalli for H&amp;M</td>
<td>H&amp;M</td>
<td>Roberto Cavalli</td>
<td>November 2007</td>
<td>‘Roberto Cavalli has created a world of his own, iconic and full of fantasy, when it comes to colours, prints, and style. There is no place for shyness and no possibility of ending up with a mainstream wardrobe of everyday basics. The Roberto Cavalli collections represents an exuberant, successful lifestyle,’ says H&amp;M creative director, Margareta van den Bosch.</td>
<td>‘As the first Italian designer in the history of H&amp;M, I enthusiastically welcomed this invitation, proud to bring the lively and positive spirit of my work to a new audience, who will be able to see and interpret my style in an individual way. I love freedom and challenges: breaking down barriers, experimenting in different directions.</td>
</tr>
<tr>
<td>Designer</td>
<td>Collaboration Year</td>
<td>Collaboration Details</td>
<td>Quote</td>
<td>Retail Performance</td>
<td></td>
</tr>
<tr>
<td>--------------------------</td>
<td>---------------------</td>
<td>----------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------</td>
<td>-----------------------------</td>
<td></td>
</tr>
<tr>
<td>Viktor and Rolf for H&amp;M</td>
<td>H&amp;M</td>
<td>Viktor and Rolf</td>
<td>&quot;We really admire Viktor Horsting and Rolf Snoeren and are fascinated by their unique way of working with design, combining their artistic talent with great craftsmanship,&quot; says H&amp;M's head of design, Margareta van den Bosch. &quot;We look forward to offering our customers a collection by these extraordinary designers.&quot; (Jones 2006)</td>
<td>Sell-out across Europe and the US.</td>
<td></td>
</tr>
<tr>
<td>Stella McCartney for H&amp;M</td>
<td>H&amp;M</td>
<td>Stella McCartney, November 2005 - Womenswear capsule collection</td>
<td>&quot;Stella McCartney is the favourite designer of many fashion conscious customers. I think it is because she knows how to make women look feminine, sensual and cool at the same time. In my opinion, she has initiated the new romanticism in fashion today', says H&amp;M's head of design Margareta van den Bosch. My one off collection for H&amp;M is pretty much like the pieces I do for my own signature collection. It is built around separates. Styling is the key. No matter how personal the design is, what really counts are the way you put things together and how you express your own personality', says Stella McCartney.</td>
<td>Sell-out across Europe and the US of Stella McCartney for Target.</td>
<td></td>
</tr>
<tr>
<td>Karl Lagerfeld for H&amp;M</td>
<td>H&amp;M</td>
<td>Karl Lagerfeld, November 2004 - Menswear, womenswear capsule collections, accessories and fragrance</td>
<td>&quot;We wanted to prove that design and quality doesn't have to cost more than most people can afford', says H&amp;M's Head of Design Margareta van den Bosch. 'Naturally, we do this all the time working with the great H&amp;M design team, but it's exciting to work with one of the most high profile fashion designers in the world. We feel it's like a gift to our customers. An invitation to another dimension in the fashion business at it's best.'&quot; (H&amp;M - Corporate 2004)</td>
<td>Immediate sell-out in France, where Lagerfeld is a household name. Cooler response in other European countries and the US, but steady popularity for all products, except the fragrance line.</td>
<td></td>
</tr>
</tbody>
</table>
2.2 UNHOLY ALLIANCES: THE DILEMMA FOR PRESTIGE BRANDS

Prestige goods firms face the challenge of maintaining “brand integrity”—analyst-speak for that indefinable aura that convinces a consumer to pay a lot of money for something he, or more likely she, could buy much more cheaply elsewhere. . . . The destroyer of brand integrity is “brand dilution”, which is the perverse reward for popularity. If too many people have a supposedly exclusive Fendi handbag or Hermès scarf, it is no longer exclusive, and therefore, in the customer’s view, no longer worth its vertiginous price. (The Economist 2004: 7)

In this section, the three schools of literature are reviewed to assess what light they can cast on the problem outlined above. In applying each of the theoretical lenses of branding, strategy and alliance formation, it is found that that none of these schools would direct participants to undertake a PMMP. Table 4 summarises the outcome of the literature review in each of the three fields reviewed and identifies key researchers.

Table 4: The Literature on Prestige/Mass-Market Partnerships

<table>
<thead>
<tr>
<th>Are prestige/mass-market partnerships sensible? The conventional prescriptions</th>
<th>Branding</th>
<th>Strategy</th>
<th>Organisational Behaviour</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the prestige brand?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>For the mass-market partner?</td>
<td>?</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

2.2.2 Branding literature cautions against any dilution of brand equity

It is generally accepted by branding researchers that efforts to mass-market a luxury brand poses both risks and opportunities, which must be weighed in the specific context (Dubois,
Laurent et al. 2001; Dall’Olmo-Riley, Lomax et al. 2004; Bruce 2007). The decision to ally with a mass-market partner involves similar considerations to the launch of a brand extension, with the PMMP product’s usually having some association with the prestige firms main line. A brand extension involves the use of an established brand name as a vehicle for entering a new product category (Amber and Styles 1997). Specifically, PMMPs extend a prestige brand’s equity to a less prestigious market segment. Inappropriate or customer-irrelevant brand extensions will ultimately fatally dilute a brand’s equity (Loken and Roedder-John 1993). Brand extensions can succeed, but only where they still meet all the characteristics customers typically associate with the original brand (Jackson 2004). When a firm extends its existing brand identity into new product categories, the relationship becomes reciprocal (Taylor and Bearden 2002). Brand extensions will have a negative or positive impact on the core brand’s equity (Dall’Olmo-Riley, Lomax et al. 2004).

The risks associated with brand extensions include: cannibalization of the core brand’s products, alienation of prestige customers, loss of prestige status, consumer confusion as to brand identity (Loken and Roedder-John 1993).

Prestige/mass-market collaborations would appear to inherently require some dilution of brand equity, given that their purpose is to make a traditionally exclusive brand available at a low price point. It is suggested the prestige/mass-market partnership by definition involves more complex considerations than those typically involved in the development and marketing of a brand extension. A PMMP is typically co-branded viz. Stella McCartney for Target, naturally lashing the designer’s brand equity to the mast of the discount department store. Co-branding is a special case of brand extension in which two brands are extended to a new product or product line (Leuthesser, Kohli et al. 2003). Prestige products have a high degree of symbolic association attached (Davis 1989). Any brand extension or
A branded partnership must trade on this symbolic association (Vickers and Renand 2003). Two demands are therefore being made of the consumer in a co-branded initiative: the customer is being asked to associate the brand with an entirely different product category and, additionally, to reconcile their symbolic associations with that brand with their impressions of the mass-market partner (Leuthesser, Kohli et al. 2003). Cognitive consistency theory suggests that consumers will endeavour to maintain consistency and integrity among their attitudes (Levin, Davis et al. 1996). Hence, when evaluating a co-brand composed of two conflicting brands, consumers will tend to assimilate their attitudes towards the parent brands such that their attitudes towards the co-brand will be an averaging of the parent brand attitudes (Loken and Roedder-John 1993).

Simonin and Ruth (1998) found that pre-existing attitudes towards the parent brands and the perceived fit of the parent brands’ images and positioning all had a significant positive influence on the attitude towards the co-branded product or product line. Of greater significance to PMMPs, consumers’ attitudes towards a co-brand produce a significant ‘spillover’ (post-effect) on attitudes towards parent brands (Sengupta and Bucklin 1995; Park, Jun et al. 1996). Findings from the co-branding literature suggest that the lower-status partner is relatively immune to negative spillover effects, particularly if they are well-known and well-respected brands (Aaker 1996). Furthermore, lower-status brands also appear to be relatively immune to brand dilution – where a co-brand fails, the perception is that it really “belongs” to the high-status brand (Washburn, Till et al. 2000). Therefore, a PMMP is likely to pose a higher risk to the equity of the prestige brand than the mass-market partner.
2.2.2 *Strategy literature emphasises thoughtful growth*

Like the branding literature, the strategy literature suggests that prestige firms should be wary of PMMPs. Nueno and Quelch (1998: 62) express both the dilemma facing prestige brands and the conventional strategic wisdom on resolving that dilemma succinctly:

*More consumers can afford to buy luxury brands than ever before. There is a natural temptation to extend brand reach, especially for publicly quoted firms under pressure to show quarterly improvements in sales and earnings. But at what point does a brand become attainable to so many that it no longer represents luxury?*

The generally-applicable strategy literature emphasises thoughtful, deliberate growth of the firm, with jealous protection of a firm’s core competitive advantage (Chandler 1962; Porter 1989; Porter 1996). Opportunities for differentiation from competitors’ offerings should bolster, rather than undermine a firm’s competitive advantage (Porter 1989). For prestige firms, PMMPs appear to do precisely the opposite. Scholars emphasise that premium positioning, once traded away can be very difficult to reclaim (Porter 1989; Porter 1996). Beliefs about whether, how, and with whom firms should partner in pursuing growth will inform, and be informed by, broader corporate strategy (Lambert, Emmelhainz et al. 1996).

Research intended to explain and guide the specific strategies of luxury brands has proliferated in the past decade (Phau and Prendergast 2000; Jackson 2004; Haid and Jackson 2006). That research concludes that the strategic impetus for prestige brands is, an should be, growth (Catry 2003). Prestige strategists argue that strategies prioritising the long-term sustainability of the brand will typically deliver greater returns than cashing out the brand on high-revenue, short-term ventures (Moore, Fernie et al. 2000). More so than
the study of virtually any other industry, prestige brand strategy therefore cautions strongly against over-saturation (Thomas 2007). Phillips (2005, 177), has summarised the prevailing strategic wisdom for luxury brands in his ‘Principles of Luxury Marketing’. The most generally applicable are: (1) Luxury brands are held to a higher standard. (2) Brand equity is the metric. (3) Preserve brand equity by controlling unit sales. (4) Any subluxury association with the brand spends brand equity. Phillips’ principles for the maintenance of prestige status assume that consolidation of the firm’s luxury status will always be preferable to growing the business at the expense of the brand.

Kort et al’s (2006) research has carved out an exception to the growth principle. They concede that where price mark-ups relative to production costs are high, an existing brand should be maintained and its equity guarded jealously. Any decision that risks brand dilution for expanded sales volume must be carefully modeled. On the other hand, where markups relative to input costs are minimal, ‘then the optimal solution may simply be to exploit whatever value can be derived from the brand in the short-run and retire the brand when that capacity is fully diluted’ (Kort, Caulkins et al. 2006: 1363). PMMPs however, do not appear to form part of this optimal solution. Once the sales period of the one-off collection has expired, the collaborations provide no ongoing revenue or publicity stream for the brand, even in the short-term. Perversely PMMPs actually create an environment where are firm’s markups to input costs are minimal by lowering the price point of prestige-branded goods.

Dall’Olmo-Riley et al (Dall’Olmo-Riley, Lomax et al. 2004) argue that moves downmarket by prestige firms indicates that general practice in the industry runs counter to the
prescriptions of Porter (1996) and Prahalad and Hamel (1990) that a consistent, long-range strategy should proactively drive expansion activities. Where the collaboration is a one-off (e.g. Designers for Target), with no possibility of providing a revenue stream for the parent, the strategy existing literature cannot satisfactorily account for the existence of these partnerships on the prestige brand side. There is therefore an opportunity to investigate whether such collaborations are truly unsupported by business logic in the prestige-goods industry context and, if so, what motivations then lead to the establishment and execution of a PMMP.

2.2.3 Organisational Behaviour - Antecedents, Decision Criteria and Processes

Organisational behaviour research suggests that firms should partner with organisations with complementary capabilities (Cravens, Shipp et al. 1994; Lambert, Emmelhainz et al. 1996). Indeed, PMMPs do provide a new distribution venue for prestige brands. However, given that PMMPs compromises the prestige firm’s own core competence – the maintenance and evocation of exclusivity – that is not a platform they should want.

The underlying assumption of most of the organisational behaviour literature is that there exists some mysterious, but identifiable, tipping point beyond which a prestige brand, having compromised exclusivity for greater sales volume, can achieve neither exclusivity nor sales growth (Bruce 2007). All other things being equal, at that point a collaborative relationship ceases to add value-to the firm. On this assumption, PMMPs would seem, prima facie, to be a losing bargain for prestige brands. The firms sacrifice both exclusivity and the premium price attached to their products. Logically, these collaborations are increasingly popular strategic error by prestige brands. What were the prestige brands thinking?
**Decision criteria**

In fact, little is known about the ‘strategic antecedents, decision criteria and launch judgement process’ in bringing a brand extension or co-branded collaboration to market when one partner is a prestige brand (Dall’Olmo-Riley, Lomax et al. 2004, 40). Following the model proposed by Amber and Styles (1997), Dall’Olmo-Riley (2004) concludes that customer demand and opportunities to exploit or leverage the brand are the main criteria for an extension decision in prestige firms, with the strategic risk to the parent brand being considered relatively unimportant by senior management. This supports the earlier analysis that pursuit of growth is the main driver of strategy in prestige firms (Dall’Olmo-Riley, Lomax et al. 2004). Cravens et al (1994) counsel that in deciding to network with other organisations, firms should have the impact on their own market position as a primary consideration.

**Antecedents**

In terms of antecedents, the focus of luxury fashion brands has switched to goods those that middle-market customers buy in high volume – scarves, logo-splashed handbags and leathergoods, sunglasses and fragrance (Thomas 2007: 89). Fashion houses with a heritage in serious design still produce couture collections, but primarily as a loss-leader to generate publicity and create a brand narrative to incite interest in lower-end products. Diffusion ranges are increasingly becoming the profit centres for prestige brands (Moore, Fernie et al. 2000). Catry notes the increased propensity towards this middle-market strategy may have arisen ‘not least because many small luxury goods producers are now part of conglomerates such as LVMH and Richemont, which must chase sales to amortize their investment and ever-growing marketing and distribution costs’ (2003: 11). In that sense,
PMMPs may be seen as a means to introduce consumers to the lower rungs of the prestige firm’s main line. But as the branding literature has made clear, PMMPs are a risky means to do so. Given that PMMPs provide neither ongoing publicity nor revenue for the prestige brand, some incentive other than the pursuit of growth by the utility-maximising firm appears to be at play.

Processes

In prestige firms, decisions to extend the brand or ally with another firm are likely to be taken ad hoc, without following a process model, with the extension being retrospectively integrated into company strategy (Dall’Olmo-Riley, Lomax et al. 2004). An investigation of PMMPs will need to account for this context. This finding means that the attempt to apply models of organisational behaviour that assume a rational, forward-looking firm, with a clearly articulated strategy manifested in the firm’s structure may be either meaningless or misleading (Chandler 1962; Chandler 1964; Ghoshal 2005). The search for an account of the motivations of prestige partners in undertaking PMMPs will have to look further afield.

2.3 THE OPPORTUNITY FOR MASS-MARKET FIRMS: DIFFERENTIATING UPWARDS

Standardisation has become, over the years, a real danger…[w]hat’s the point of going to town centre B if you’re going to get a carbon copy of what you had in town centre A?…[T]here will always be the same Boots and the same Next (Burt in Taylor 2002).

A considerable body of literature has concerned itself with the imperative for prestige brands to move down or across markets. How mass-market firms decide to upsell and how they operationalise that decision has also been of some interest (Porter 1989; Crewe 2004; Bass and Binder 2005). Silverstein and Fiske (2005: 7) argue persuasively that the pressure
to upsell to drive growth is as strong for the mass-market retailer as moving downmarket is for the prestige brand. ‘As customers buy more selectively, trading up and trading down, they increasingly ignore the conventional, midprice product that fails to deliver the ladder of benefits’. Just as prestige brands risk becoming trapped in a niche elite market, mass-market products risk becoming mired in irrelevancy. Firms such as discount department stores are especially vulnerable to being unable to connect with consumers through their mass-market-type offerings (Underhill 2000; Bass and Binder 2005). Premium pricing is the reward for achieving uniqueness in an industry ordinarily characterised by commoditised offerings (Porter 1989). A dress designed by Stella McCartney or Karl Lagerfeld and branded as such, then delivered by H&M or Target, could reasonably be expected to sell at a significant mark-up from the ordinary prices of those retailers, but at a tiny fraction of the price of the designer’s main line offerings. The motivations for the mass-market partner to undertake a PMMP are clear and broadly captured by applying the existing literature to the phenomenon under examination.

2.4 CONCLUSION

The business case for mass-market firms to partner with prestige brands to deliver prestige-branded products is immediately apparent. The real mystery is how mass-market firms have managed to bring so many prestige brands with them. Entering into the partnership at all seems to run counter to sensible strategy for a prestige brand seeking to protect its exclusivity. Further research to understand the effect of the industry context is required, however. The organisational behaviour literature suggests that for a prestige firm to partner with a mass-market retailer in the manner described would compromise the core competence of the prestige firm without creating significant network advantage. Yet the phenomenon persists. To date, little work has been done on the partnerships under
investigation. The empirical research on co-branding, while instructive, is confined to a relatively few studies that have not tended to examine real instances of co-branding in detail (Leuthesser, Kohli et al. 2003). Where they exist, those studies have focused on long-term co-branding relationships with significant revenue potential for both partners (Washburn, Till et al. 2000) (Levin, Davis et al. 1996; Park, Jun et al. 1996).

When brand equity is a prestige firm’s principal, perhaps only, source of competitive advantage, does it ever make sense to knowingly and deliberately downgrade it by association with a mass-market retailer? Relying on the dominant paradigms of branding, strategy and organisational behaviour suggests that the answer should almost always be no. Further exploratory research is therefore wholly justified to reconcile the disjuncture between the extant literature and the empirical evidence. That research should capture the specific context of the prestige goods industry. It is evident from the literature review that the motives underlying such collaborations are perhaps more complex and ambiguous than the dominant paradigms, which assume a rational firm with a clearly articulated strategy, can accommodate. The research approach described in the Chapter 3 is geared towards both capturing that complexity and ambiguity and understanding why the dominant schools of thought have failed to do so.
PART II

Part I
• Chapter 1: Introduction and Research Outline
• Chapter 2: Literature Review

Part II
• Chapter 3: Research Approach
• Chapter 4: The Narrative and the Readings

Part III
• Chapter 5: Findings, Discussion and Conclusion
• Chapter 6: Contributions, Limitations and Further Research
CHAPTER 3: RESEARCH AGENDA

The essence of ultimate decision remains impenetrable to the observer – often, indeed, to the decider himself. (Kennedy 1963, 5)

3.1 INTRODUCTION TO THE RESEARCH APPROACH

This chapter outlines the research approach used in this thesis. Chapter 2 concluded that while standard fields of literature would caution against PMMPs from the prestige side there is a significant disjuncture between theoretical prescriptions and empirical reality in relation to PMMPs. It highlighted the need for an explanation that captured the complexity and dynamism of the phenomenon and accounted for the dominant paradigms’ failures to do so. The research methodology used in this thesis is directed toward satisfying both those needs. In this chapter, the researcher’s overarching research philosophy is first outlined. Second, the three-stage research process (see Figure 1) is explained and justified. Through the use of Narrative Strategy in Stage 1, this study will emphasise the person as a unit of hitherto-neglected unit of analysis. By deploying the Alternate Templates approach in the second stage of the research, it will capture multiple accounts and perspectives as templates for understanding those PMMPs. Stage 3 will analyse those templates as discourses to understand why PMMPs are inadequately accommodated by the existing literature. Finally, the appropriateness, validity and generalisability of the thesis are argued for.
3.2 RESEARCH PHILOSOPHY

3.2.1 Ontology and Epistemology – The Anti-Foundationalist Position

Morgan and Smirchich (1980) present both epistemology and ontology as operating on a continuum between subjective and objective paradigms. The author of this thesis locates herself towards the subjective side of this continuum, though not at its furthest reaches. The author’s ontological approach is an anti-foundationalist one (Marsh and Stoker 2002, 6-7). The world does not exist in a discrete and identifiable external and separate realm independent of the researcher (Husserl 1962) nor is there an set of discoverable facts in relation to a given phenomenon (Lincoln and Guba 2003). This thesis has as a core ontological assumption that reality is a social construction (Bevir and Rhodes 2002). Human beings are engaged in a perpetual process of social construction and reconstruction and symbol creation and recreation. Those symbols emerge as a result of social, rather than individual, construction (McAnulla 2002). Meaning is established and understood within discourses and traditions (Morgan and Smirchich 1980).
3.2.2 Philosophy of Science - Interpretivism

A researcher’s philosophy of science is inherently and intrinsically linked to every stage of her research; it is, as Marsh and Furlong (2002, 17) put it ‘a skin, not a sweater’. It is therefore important that researchers are both conscious of and explicit about the particular philosophy of science that they bring to their research. This researcher’s view of reality as subjective has moved her towards interpretivism as the natural approach to inform her philosophy of science. John Stuart Mill (1969 [1840], 119-120) summarised the basic interpretivist project as inquiring ‘what is the meaning of it?’. Two basic observations must be made of the Interpretist position. First, that it is the natural ‘other’ to the positivist school. Second, however, that it is a much broader church than positivism and composed of many variants (Bevir and Rhodes 2002). This section will elucidate what is intended by the term ‘interpretivism’ in the context of this thesis.

Interpretive approaches are centered around ideas, beliefs and discourses (Lincoln and Guba 2003). Bevir and Rhodes (2002, 140) summarise the challenge thus: ‘People act on their beliefs and preferences but we do not have external evidence of those beliefs. So, when we try to explain the link between beliefs and actions, there is no causal necessity to that link equivalent to the explanations found in the natural sciences’. Consequently, the emphasis in scholarship is on the processes through which human beings ‘concretize their relationship to the world’ (Morgan and Smirchich 1980, 493). Objectivity of all participants, including the researcher, is compromised by the process of social construction (Devine 2002), and by the act of research itself (Heisenberg 1930). Interpretation and meaning can only be established and made sense of in the context of discourses or traditions, including that of the researcher (Geertz 1973). The table below juxtaposes the interpretive approach with its academic counterpoint, positivism.
Table 5: The interpretivist-positivist dichotomy (adapted from Marsh and Stoker (2002))

<table>
<thead>
<tr>
<th>Scope of social science studies</th>
<th>Interpretivist theory</th>
<th>Positivist theory</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Social interaction is a narrative contest that can take place in a wide variety of settings.</td>
<td>Concentrates on processes, decisions and events associated with mainstream practice.</td>
</tr>
<tr>
<td>Understanding of the scientific claim</td>
<td>Claims to knowledge are always provisional and contested. Understanding of human activity is inherently different to that of the physical world.</td>
<td>The generation of general laws and at a minimum the development of theoretical statements that can be falsified.</td>
</tr>
<tr>
<td>Attitude to normative theory</td>
<td>Tends to the view that there is fusion between all types of theorising. Analysis is essentially contested and has a necessarily normative content.</td>
<td>Focused on empirical, rather than normative analysis.</td>
</tr>
<tr>
<td>Relationship to practice and real-world decision-making</td>
<td>A mixed ranges of responses but tendency is towards wry commentary on the narrative battles of social interaction.</td>
<td>Claims to be value-free, neutral and detached.</td>
</tr>
</tbody>
</table>

3.2.3 Methodological implications for this thesis

A regular problem with qualitative studies is the failure to link the method used with the underpinning methodology (Stubblefield and Murray 2002). This failure may result in research that is ambiguous in its scope, purpose, structure and findings (Lopez and Willis 2004). This problem may be exacerbated in business studies which, by their nature, should concern themselves with human action and activity (Seymour 2006). Noting that risk, this section clearly articulates the methodology informing this thesis and links it to the methods employed.

The methodology adopted in this thesis is hermeneutic phenomenology. Based on the scholarship of Martin Heidegger (1962), the methodology seeks to make sense of the meanings that people attach to social action (Bevir and Rhodes 2002; Conroy 2003). One way to achieve that is to focus on the intentions and dreams of individuals that form the scaffolding of the projects that they undertake (Heidegger 1962).
Heidegger argues that interpretation is the sine qua non of philosophical activity. Phenomenology or the “study of human behaviour as action” challenges the view of absolute knowledge, suggesting that any knowledge is only held provisionally and partially. All knowledge, is the product of contingent social variables (Laverty 2003). Hermeneutic phenomenology explicitly acknowledges the existence of a double hermeneutic (Plager 1994). Just as the processes we study are constructions of the actors involved, the process of research brings to bear its own constructions on the studied phenomena (Heidegger 1962). The Heideggerian approach of understanding the aspirations that human beings project on to their activities is therefore well-adapted to an investigation of the motivations that manifest themselves in PMMPs and simultaneously interrogating the schools of thought that would examine it (Berglund 2007).

Finally, in her schema, ‘Principles of Hermeneutic Research’ Conroy (2003) identifies a number of important precepts that will guide the three-stage research strategy used in this thesis:

- Enter into an active dialogue with the participants, the educators, the trustworthiness checkers, the narrative itself as spoken and written (Addison 1992)
- Maintain a constantly questioning attitude in the search for misunderstandings, incomplete understandings, deeper understandings (Addison 1992; Plager 1994).
- View every account as an interpretation based on a person’s background (Plager 1994)
- View the research process as an interpretation of participants’ interpretation.
- Look beyond the participant’s actions, events and behaviour to a larger background context and its relationship to individual events (Addison 1992)

### 3.3 RESEARCH STRATEGY

This thesis made use of two complementary qualitative research strategies in separate stages. Each strategy is summarised in the table below (adapted from Langley (1999, 696)).
The strategies adopted and methods employed are then described in detail in the following sections.

**Table 6: Complementary approaches - Narrative Strategy and Alternate Templates**

<table>
<thead>
<tr>
<th>Key Anchors</th>
<th>Stage 1: Narrative strategy</th>
<th>Stage 2: Alternate Templates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exemplars</td>
<td>Chandler (1964)</td>
<td>Allison (1971)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Collis (1991)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fit with Process</td>
<td>Fits with ambiguous</td>
<td>Adaptable to various kinds</td>
</tr>
<tr>
<td>Complexity</td>
<td>boundaries, variable</td>
<td>of complexity.</td>
</tr>
<tr>
<td></td>
<td>embeddedness, and</td>
<td>Different templates capture</td>
</tr>
<tr>
<td></td>
<td>eclecticism.</td>
<td>different elements.</td>
</tr>
<tr>
<td>Specific Data Needs</td>
<td>One or few rich cases.</td>
<td>One case is sufficient.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Degrees of freedom come from</td>
</tr>
<tr>
<td></td>
<td></td>
<td>multiple templates.</td>
</tr>
<tr>
<td>“Good Theory”</td>
<td>High on accuracy. Lower on</td>
<td>Each theory can be simple and</td>
</tr>
<tr>
<td>Dimensions</td>
<td>simplicity and generality.</td>
<td>general. Together they offer</td>
</tr>
<tr>
<td></td>
<td></td>
<td>accuracy, but simplicity and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>generality disappear with</td>
</tr>
<tr>
<td>Form of Sensemaking</td>
<td>Stories, meanings, mechanisms</td>
<td>theory integration.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 3.3.1 Stage 1: Narrative Strategy

Stage 1 will make use of Narrative Strategy to tell the story of one PMMP, in the prestige partner’s own words. Langley (Langley 1999) argues that there is a basic dichotomy in research approaches that seek to make sense of process data. The first camp is positivist in orientation, ‘formulating a priori process theories’ and developing tests for those theories (Langley 1999, 691). The opposing camp ‘has chosen rather to plunge itself deeply into the processes themselves, collecting fine-grained qualitative data ...and attempting to extract theory from the ground up’ (Langley 1999, 691). It is in this latter camp that narrative strategy finds a home. Narrative strategy is the construction or generation of a story from raw data (Langley 1999). From there, the objectives of the researcher will shape the ends to which the story is put. At a basic level, the construction of a story from data produces a chronology of events for subsequent analysis. As in this thesis, the narrative can also provide the source data for a set of analyses of that story from a variety of perspectives.
Because of the density required of a good story, narrative strategy will typically demand just one or a few cases (Langley 1999). This is not an escape clause for the researcher, however. Golden-Biddle and Locke (1993) argue that the purpose of employing the narrative strategy with one or few cases is to communicate a richness and authenticity unachievable with large samples.

*Stage 1 Method: preparing the case*

As with qualitative case studies, particular attention must be paid to the case selected to provide the narrative (Yin 2003). The case was purposefully selected with a view to developing theory (Huberman and Miles 2002). Where the purpose of the research is to develop theory, Shah and Corley (2006) suggest that random selection is neither necessary nor necessarily useful. In this study, the case selected is broadly representative of the phenomenon under investigation. It involved a mass-market retailer which had undertaken several PMMPs and a designer whose previous experience had only been in prestige fashion. The studied designer, as is typical, exerted both creative and managerial control over her business. Therefore, the findings of this study are not only applicable to the individual case studied but will allow for theory development that is applicable to PMMPs more generally.

The designer was initially approached by telephone. Subsequently, an hour-long, open-ended, loosely structured interview was conducted with the designer at the centre of the case to elicit her narrative of the PMMP. The advantage of the interview form is that it can be designed to interact directly and explicitly with the research question (Yin 2003). The
narrative interview is an invitation for the subject to tell their own stories as he or she understands them (Chase 2005). This approach requires a shift in orientation by the researcher, from conceiving of an interviewee as having answers to a researcher’s questions to a narrator with a story to tell (Czarniawska 1997). As Chase (1995) suggests, the interview was framed around a broad question intended to elicit whatever story the designer had to tell about her experience with the PMMP. Argues Chase (2005, 660), ‘the stories people tell constitute the empirical material that interviewers need if they are to understand how people create meanings out of events in their lives’.

That interview was transcribed, a vital step in processing data into valuable information (Miles and Huberman 1994). That transcript is appended to this thesis. The designer was then given the opportunity to review that transcript and provide feedback. That interview was then condensed into a 1500-word narrative of the partnership experience, all in the designer’s own words. The narrative can be found in the first section of Chapter 4. In keeping with hermeneutic phenomenology, the emphasis in the narrative is on the events of the PMMP and the designer’s intentions and responses relating to those events (Conroy 2003). All relevant participants were made anonymous in the narrative. Finally, a brief introductory paragraph by the researcher set the context for the narrative. This narrative formed the basis for Stage 2 of the study.

3.3.2 Stage 2: Alternate Templates strategy

Alternate Templates strategy is the process of ascribing a number of different theoretical frameworks to a given set of facts or narrative of events and assessing those frameworks for best fit (Langley 1999). The set of events (in this study, the Stage 1 narrative) is taken as given. A number of alternative theoretical explanations of those facts as are developed as
separate accounts. The researcher then concludes by assessing the extent to which each of these accounts provides a satisfactory theoretical explanation of the narrative (Allison and Zelikow 1999).

Allison’s (1971) study of the Cuban Missile Crisis is regarded as the beachhead of the Alternate Templates approach. Using three theory-centered retellings of the events of that incident, Allison was able to rank the templates according to their explanatory power and thereby make sense of competing explanations of hitherto mysterious events (Allison and Zelikow 1999). The abiding lesson from Allison’s study is that an “academic silos” approach to research is often inadequate (Sloan 2006). That claim does not imply a call for integrated theoretical frameworks but for the generation and evaluation of meaning through multiple theoretical accounts.

Alternate Templates is by now a highly credible strategy for the study of decision processes in the social sciences generally (Allison 1971; McGaughey 2006). It facilitates the creation of separate discourses of the same phenomenon, highlighting the differences between conceptual modes of thinking at their very core. 

Each conceptual framework consists of a cluster of assumptions and categories that influence what the analyst finds puzzling, how he formulates the question, where he looks for evidence and what he produces as an answer (Allison and Zelikow 1999, 379).

Yet, simultaneously, a confrontation among different interpretations can reveal the contributions and gaps in each (Markus 1983). Further, Alternate Templates is a useful way to introduce deductive theory to a potted, tangled history of events (Pinfield 1986). This study developed three Alternate Templates, based on the three schools of theory identified in the literature review.
Stage 2 Method: Readings of the narrative

One-on-one Interviews were the method used to construct each of the Alternate Templates. The Stage 2 interviews centered on interpretations of the Stage 1 narrative by expert “readers” in each of the three fields of branding, strategy and organisational behaviour. A schedule of interview questions was developed to invite the reader to explicitly (1) describe, (2) explain and (3) evaluate the phenomenon under investigation (Allison and Zelikow 1999). That schedule is appended to this thesis. Each interviewee was given a copy of the case narrative 24 hours in advance of the interview and instructed to read it in hard-copy. Before the interview commenced, it was confirmed that each interviewee had done so. Each interview subject then participated in a 50-55-minute, audio-recorded interview in which the same open-ended questions were asked of each interviewee. During the interview, the readers were asked to provide a reading, or what Bruner calls a ‘telling back’ of the Stage 1 narrative (Bruner 1986, 6-7). They were asked to render both empirical descriptions (What were the key events, decision points? Who were the key actors?) and normative appraisals (Was the collaboration wise?) In short, the accounts will deal with two questions: where is the drama of this story located? And, is the ending a happy or sad one? Those interviews were then transcribed for analysis. Those transcripts are appended to this thesis.

In advance of executing this stage of the research, several practice versions of this interview protocol were run and feedback obtained. On the basis of that feedback, some adjustments were made to the interview schedule to clarify questions and the narrative more clearly identified the market segments targeted by both the designer and the mass-market retailer.
Interview subjects were selected purposefully on the basis of their expertise in fields relevant to the inquiry. The researcher’s interaction with the expert informants is summarised in the table below.

<table>
<thead>
<tr>
<th></th>
<th>Branding</th>
<th>Organisational behaviour</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Who?</strong></td>
<td>Professor of Marketing at a leading Australian university</td>
<td>Associate Professor of Organisational Behaviour at a leading Australian university</td>
<td>Professor in Business Faculty of a leading Australian university</td>
</tr>
<tr>
<td><strong>How was contact made with the informant?</strong></td>
<td>Initial contact made by email</td>
<td>Initial contact made by email and telephone</td>
<td>Initial contact made in person</td>
</tr>
<tr>
<td><strong>Date of interview</strong></td>
<td>21 October 2008</td>
<td>20 October 2008</td>
<td>16 October 2008</td>
</tr>
<tr>
<td><strong>Length of interview</strong></td>
<td>50 minutes</td>
<td>50 minutes</td>
<td>55 minutes</td>
</tr>
</tbody>
</table>

Ultimately, each of the Stage 2 interview transcripts was condensed into readings of the narrative, along the lines of the interview question. Each reading contains an alternate reading of the narrative from the reader, a discussion of the perceived motivations for a prestige designer to undertake a PMMP and analysis of the phenomenon. Along with the narrative itself, those templates form the basis for Chapter 4 of this thesis. In this way, distinct, even contradictory analyses of the same phenomenon are able to stand together within a single study (Gartner 2007).

**Stage 3 Method: Analysis of the readings**

This purpose of the dual strategy adopted in this thesis is to generate grounded theory that emerges directly from multi-faceted data (Glaser and Strauss 1967). Wolcott (1994)
describes the process of making sense of qualitative data as ‘transformation’, which has a roughly similar meaning to what Miles and Huberman (1994) or Dey (1993) term ‘analysis’ but it captures more broadly the creativity and intuition that is an inevitable, and important, component of conclusion-drawing and verification.

Transformation can be further delineated into three activities: description, analysis and interpretation (Wolcott 1994). Description is the act of allowing the data, as far as possible, to speak for itself. The fashion in which this is achieved in this study is well-covered in the two sections immediately preceding this one. Analysis is the process of identifying themes or patterns in the data (Wolcott 1994). Using content analysis, which focuses on the discourses used by an interviewee to construct their argument the data gathered in Stage 1 and Stage 2 of this study were classified into themes and into nodes within those themes (Bevir and Rhodes 2002; QSR 2008). Three broad themes were used to restructure the data: (1) the units of analysis selected by the narrator or reader for attention, (2) the motivations for undertaking a PMMP identified by the narrator and perceived by the reader and (3) the implicit conceptual models used by the reader to account for the phenomenon of PMMPs. These three themes permitted a simultaneous focus on what was (and was not) being said about PMMPs and on the underlying paradigms that might explain why that particular discourse emerged.

The third phase of data transformation is interpretation (Wolcott 1994). The process by which a researcher arrives at conclusions often eludes easy description (Coffey and Atkinson 1996). Interpretation is the point ‘at which the researcher transcends factual data and cautious analysis and begins to probe into what is to be made of them’ (Wolcott 1994,
36). In this sense, interpretation moves beyond systematic, bounded processes to a somewhat more freewheeling dialogue between the author and the analysed data. It relies on the patterns and themes identified in the analysis stage to begin generating grounded theory (Coffey and Atkinson 1996). The interpretations arising out of the coding phase form the basis of the findings presented in Chapter 5.

3.4 APPROPRIATENESS, VALIDITY, GENERALISABILITY

This section locates the research strategy within its academic context and discusses its appropriateness, validity and generalisability.

3.4.1 Appropriateness and validity of approach

This thesis combined both the Narrative and Alternate Templates strategies to create a multi-dimensional account of the ‘how’ and ‘why’ of prestige/mass-market partnerships. It went on to appraise what factors might contribute to the difficulties the dominant paradigm’s experience in accounting for PMMPs on the prestige side. The use of a combined approach well adapted to the complexity and richness of the phenomenon under investigation and the surrounding academic context. The Alternate Templates approach is still somewhat unusual in business studies. But it is certainly not without precedent.

The approach has gained increasing currency since Allison’s original study (see, for example Markus 1983; Pinfield 1986; Collis 1991). More recently, McGaughey has argued that pitting contrasting and competing readings of a single narrative against one another is a qualitative act of inquiry that deserves greater use in studies of business and management phenomena (McGaughey 2006). Most recently, in the field of entrepreneurship, the Alternate Templates strategy was adopted in a 2007 special issue of the Journal of Business
Venturing (Gartner 2007). That issue consisted of six alternate readings of a single case, A Toy Store(y), as part of a call for increased uses of the narrative approach in entrepreneurial scholarship (Allen 2007). In his introduction to the readings, Gartner (2007, 622) argued that narratives live within a context of ‘larger voices’ and the process of reading calls upon these larger stories and ideas. Gartner concluded with a call for more studies that brought multiple lenses of analysis to bear on first-person narratives. It is in the telling and retelling of stories in their rich complexity that phenomenological research finds its value-add: ‘[m]ore that once we have had an “aha” experience when reading such studies because the rich descriptions have unveiled the dynamics of the phenomena and have helped us identify similar dynamics in our on research and in our daily lives’ (Dyer and Wilkins, 616).

3.4.2 Generalisability of this thesis

By using a combined research strategy, a number of the potential limitations of each approach are able to be offset and the generalisability of the study improved. This combination enabled a simultaneous focus on the meaning attached to processes (Narrative strategy) and identifying driving process motors or mechanisms (Alternate Templates strategy) (Langley 1999). The approach is thus a useful blend of inductive (data-driven) and deductive (theory-driven) approaches. Thorngate (1976) and Weick’s (1979) works use the classifications of accuracy, simplicity and generality to appraise the interaction between different theoretical forms and research strategies. Their classification is taken up here in arguing for the generalisability of this thesis.

Accuracy
Theory with an emphasis on close data fit is said to be accurate (Weick 1979). The accuracy of a narrative strategy may reasonably be expected to be high (Langley 1999; Chase 2005). It does not, however, offer either simplicity or generality, if employed as a stand-alone strategy (Weick 1979). Claims as to accuracy must be handled delicately in interpretivist research, but in general, the use of multiple templates will enhance the overall accuracy of a study by calling attention to units of analysis, events or variables neglected by other templates (Gartner 2007).

Simplicity

Elegant theory with good explanatory power is to be preferred over complexity where possible (Thorngate 1976; Weick 1979). Good research, Daft (1983) admonishes, should be more poetry than novel. Alternate Templates is a special case within qualitative research (Langley 1999) Each account or template provides simplicity but limited accuracy. Simplicity is further enhanced by decomposing the “problem” or narrative in a number of streams. Multiple templates improve the accuracy of a study, while mostly retaining simplicity, provided that the researcher resists the temptation to integrate incompatible viewpoints (Langley 1999).

Generality

Generality relates to the potential range of situations to which the developed theory might be applicable (Weick 1979). Langley (1999) is quick to point out the risks inherent in relying on narrative strategies in isolation because of the sacrifices made in simplicity and generality to achieve accuracy. But it is on this issue of generality that the alternate templates come into their own in defining and clarifying what might seem a murky, unbounded narrative. Within Alternate Templates strategy, generality is achieved through
the adoption and presentation of multiple deductive theories with broad application (Langley 1999).

By carefully balancing the imperatives of accuracy, simplicity and generality, the combined research approach used in this thesis brings an elegant sufficiency of analysis to the narrated phenomena. This combined approach allows the researcher to navigate through a ‘shapeless data spaghetti towards some kind of theoretical understanding that does not betray the richness, dynamism and complexity of the data but is understandable and potentially useful to others’ (Langley 1999, 694).

3.4.3 Ethics

As a precursor to data-gathering for this thesis, a Human Research Ethics Committee form was submitted to the Faculty of Economics and Business Honours Ethics Committee. This application was approved in July 2008. The Participant Information Statement and the Participant Consent Form can be found in the Appendices attached to this thesis.

3.5 CONCLUSION

This chapter has outlined the research strategy used in the development of this thesis. It began with a meditation on the author’s anti-foundationalist ontology and epistemology. The “skin” of Interpretivism was adopted as the philosophy underpinning the research strategy (Marsh and Furlong 2002). The complementary research strategies of Narrative strategy and the Alternate Templates approach were introduced. The three stage process for research was outlined. The appropriateness, validity and generalisability of the research approach were argued for. This combined research approach will enable the complexity of
PMMPs to be seized in the context of a single case narrative, while simultaneously exploring why the dominant paradigms underlying paradigms are unable to fully account for that complexity.
CHAPTER 4: THE NARRATIVE AND THE READINGS

4.1 INTRODUCTION TO THE NARRATIVE AND THE READINGS

This chapter lays out the sole-author narrative of the designer that resulted from Stage 1 of the research process described in the preceding chapter. This is followed by the three alternate readings of this narrative that formed Stage 2 of the research. They are each in the voice of the interviewee. Each of these three readings is presented as a separate case, but they are intended to stand together to highlight the various approaches to understanding PMMPs within the dominant paradigms. The readings have been condensed significantly and edited to improve sense, but they are reflective and representative of the interview overall. To confirm this, transcripts of each of the interviews that formed the basis for the narrative and alternate templates are appended to this thesis.

4.2 THE NARRATIVE: DESIGNER X FOR RETAILER Y

The text below tells the story of a co-branded product collaboration between a prestige fashion designer (Designer X) and a mass-market retailer (Retailer Y). This story has been constructed from semi-structured interviews conducted with the designer and is in her own words, except where minor alterations have been made to improve sense. The collaboration involved a limited-release collection of womenswear, swimwear and accessories.

My mentor pitched me to Retailer Y. She’s quite special because she actually has mentored quite a lot of influential people in the industry. She went to an agency and the agency looks
after Retailer Y – that’s their client. The collaboration would have been pitched to Retailer Y.

I hardly ever say no. I’m really curious. I just did it because I was like well, ‘why not?’ And if it’s good enough for everyone else - for other designers that I do respect - then I don’t see why it’s not for me. I actually felt like it was a bit of a big jump from my label.

Retailer Y left it as an open brief. I didn’t expect them to do that. I had to go through a sampling process and make sure everything was right with the production company that were taking care of it. But -- it was all pretty flexible, it was really up to me to sort of mark out my parameters as to how much I was willing to do with it. But I didn’t have to deal with production. Actually, they gave me a certain amount of outfits and I exceeded that and they accepted more.

It was kind of fun to then see it on that scale. And I’d never done swimwear before so that was a new experience for me. I tried to do things that I’d never done before...because they could facilitate that. So I used it as a learning experience too and I took full advantage of that. We’d go to fittings and there’d be people who work and specialise in swimwear and they’d tell me about what was possible and I’d tell them ‘I’m not happy with that fit’. It was just being able to work with people - a lot of different people - and it was all about surviving in that. My relationship with my pattern makers had been so limited previously.
Retailer Y agreed to another design which I wasn’t convinced on and then I pulled it from the collection – even though it meant I didn’t get paid as much – but I guess didn’t want to agree on putting things out there I’m not happy with. So it wasn’t all about making more money out of that project. It was also about being happy with what I was projecting. I knew that it was going out to a lot of people who had never encountered my label before. I was still probably getting paid more already because I had designed more outfits anyway. So it wasn’t even about being greedy or anything.

People that probably couldn’t afford my stock would go and get something from the collaboration line with Retailer Y. It just stretched it out a bit more. I was curious to see what or how it was going to affect [my main label] but because I had designed things that were quite independent of the rest of my label – they’re new designs but under the same umbrella of feelings and concepts. I was really conscious of making it more playful and fun and then my winter [main line] more serious and mature. But there was still an echo [of the main line].

I’d go into the shops and see how people are reacting to things and it was distressing I must admit. Seeing a whole stack of my clothes just on this rack and some of them falling off. Merchandising is quite a big deal and I think there’s a product and then there’s a way things are presented as well – that’s just as important. That’s the catch when you go into something like that. You’ve just got to let things go. It’s for the masses.

[But] that cringe factor and all those things – they apply to my main line as well. I think it was just compounded more because there’s such a focus on designers doing things like this.
And you get a lot more publicity and there’s just that extra bit more pressure to meet the requirements.

I think maybe it’s reached more people on name value and maybe more people have been introduced to [my label]. As much as I was cringing through a lot if it because it was going against the grain and you were kind of forced...well not forced but you were dropped into something that’s kind of like the next [frontier] of consumerism. I think [my main line customers] responded well. My sales have gone up since. Some designers say that they don’t rely on [that increase], but mine did. [But] not many people talk to me about it in my shop.

People are cooler than I thought they were. They buy things that I actually love and so you can’t dumb people down because they actually are responsive. If you’re a good designer then you should be able to cross-pollinate in some ways and that really challenged me and it was a really honest and abrasive sort of experience, but really rewarding for me and my growth as a designer. I noticed - which was really cool - the pieces that people really responded to sales-wise were the more interesting silhouettes. And where I feel like I had to dumb things down, and the things that I really did diffuse, and the things that were probably the furthest from my label – they were the things that were sitting on the shelves the longest. They were the last ones to go. So that was really encouraging. I think people underestimate the intelligence of the consumer, and I was.

[Design is] my version of the truth and it’s my...it’s all you can do! Everyone’s got a different way of expressing something and whether it’s a visual artist or a graffiti or a musician. And
then that can be from that extreme to pop culture or popular culture and mass consumerism and then what’s really curious is that I’ve kind of bridged that gap. I’ve had a taste of it by doing that mass-market thing. It was weird, because what it is essentially about...is essentially about making money for a big company. And that’s like, a record artist signing a deal. [It was] definitely a good business decision because...it did help a lot. I kind of liked the fact that there is some extreme opinion about something like that too, because it’s kind of a bit exciting. I kind of liked the fact that there was a bit of tension about the whole mass-market partner thing. I don’t know the actual figures that unravel from it. People have said things about...whether it’s been good or bad but I’m going to separate all that stuff from the fact that Retailer Y was happy.

Maybe the sacrifice was that I couldn’t spend more time on my main line as I would have probably liked to, but I think... overall it was good. It was hard; it made me stronger I think. And it made me believe ‘Oh, if I can do that in my third year of my label then anything was possible’. I only graduated a couple of years prior to that so it was kind of cool.

There’re so many sides to the story and what’s really right or what’s really wrong? Basically you just, you act upon response...but I don’t process everything so then it’s like this stammering sort of thing. If it feels right or if it feels like I want to know what it’s about then I’ll go forward. You do things out of need as well as out of necessity as well as out of want. It’s definitely not for clear reasons. It’s a gradient of responses and it does not go in one way – it’s multi-dimensional. It [creativity and the business] is a complete collision and it can also work completely together. It’s like wishing and I’d be lying if I said it was one or the other because it’s not that for anyone really.
Retailer Y have actually gotten back to me recently and asked if I wanted to [do] this other [collaboration with a different global retailer]. The fact that they put me forward for that is encouraging and just being able to get feedback for the things that I’ve been picked up on. I can’t expect that I will be doing [a second collaboration with a different retailer] but I’d be really happy if I was. But if I don’t, then at least I tried. I’m willing to give everything a go, really. Well…almost. I’m not desperate! The only way you’ll know is you just have to stick your neck out there every now and then and see what…you just have to see it first hand and read and learn.

4.3 THE BRANDING TEMPLATE

The reader: The reader is a Professor of Marketing at a leading Australian university.

4.3.1 The alternative reading

This looks like a case that’s been in the history books of marketing for quite some time in different contexts - where the previously well known high end or upmarket brand switches from selective distribution or is considering switching from selective distribution involving retailers that are also similarly positioned to a more mass merchant. [They start using] what we would call intensive distribution strategy where the brand will be offered to a wider range of people at a lower price point.

For an upmarket prestige fashion brand to pursue that kind of strategy, it [might be advisable] for a brand that is slowly gradually losing its cache and losing its ability to be successful with the more upmarket specialty retailers and so decides to kind of cash in and
say rather than dying a slow death, let’s kill the brand at a much faster rate but let’s make a lot of money in high volume sales.

So is there a way then to have your cake and eat it too? The textbook example is the creation of a sub-brand, a way of taking the brand and the entire product line in which the brand has traditionally been used and saying, effectively, ‘We’re going to divide that product line into different price points, and we’re going to use something that gets attached to the original brand as a sub-brand that effectively tells the consumer, this is the low price point end of that brand’.

Obviously if you’re Target you’re delighted if there’s a brand association. The question is, what does that do for Designer X? Over time, it will damage the brand. Yes, you’ll make a lot of money quickly, but you kind of lose the cake in the bargain. If there’s an effort made to say, yes this is Designer X, but this is a specialty line of products. We’re going to communicate that it’s distinct from the regular line, then you can get away with protecting the core brand and consumers get it. But of course, if I want the real thing, it’s been sub-branded or separated in promotions in such a way that I get the distinction.

4.3.2 Prestige partner motivations

I want cash now. I want a big boat of cash now. I’ve got this brand, it’s valuable, but that money will come over time and at some point I’m happy to cash out and take a load of money now, and first of all there’s no guarantee that the brand will be killed. I mean we think it will but there’s no guarantee of that, and if they’ve negotiated well and they have
an understanding of the kind of long term value of the brand and they can get a significant percentage of what that total dollar value is upfront, why not.

First of all I would say evaluate your brand. Not only what is it currently worth but what it is likely to generate over time and say, okay, every brand has its price. No matter what that brand is somebody forks up enough wheelbarrows full of money and says I’ll give this to you now if you sell that in my 850 discount stores all over the world, every brand has its price. If the price being offered, the one off payment, is below that assessed value, then you would say, okay, maybe I still say yes, to the extent that I can differentiate that part of the product line that will go to the mass merchant from the part of the product line where my brand and my long term future success lies and to the extent, and again, to me this all has to come down to negotiation. Something something by Stella McCartney. Maybe, that was proposed at some point, you don’t know, I don’t know, and K Mart said, or sorry Target said, no, no, no, it’s got to be exactly the same brand name, oh, well if you want exactly the same brand name, it’s going to cost you 3 x Y not Y because you’re costing me a long term asset. You’ve got to pay me more to get that. So that would be the second thing and again this all comes down to negotiation.

Even a very valuable brand with an extraordinary amount of brand equity at the upper end of the fashion market has got its price. You’re going to make X amount of money in this short period of time and that amount of money, could very well be worth it. God, it’s a good brand but for that amount of money right now, we’ll kill it. Brands tend to be more long term things, and clearly when you move into the context of a discount retailer you’ll kill that quickly.
It’s hard to see how it won’t damage the brand to the extent that the brand gets associated with a retailer that doesn’t have the same positioning. If you’re teaching retailing or channel strategy 101, you’d suggest that the positioning of the brand and the positioning of the retailer ought to be similar. In this case it’s not. So it’s not obvious to me what the alternative motive would be for the designer other than to say, I can make a lot of money, I can make a lot of money quickly and although it may damage my brand, it’s such a large amount of money that I’m going to do it.

I think in general more people can afford more luxury. There was a time when you had to be rich to have luxury. Now, I don’t know that that’s the case anymore. So to my mind you develop a brand and you cash it out quickly and if you get the right price for it, fine, start again, create a new fashion brand that everybody wants. Of course creating brands isn’t that easy but to me it’s a simple case of saying I want my money now and I’ll take it. It’s hard to imagine it’s good for the fashion brand, certainly good for the retailer and helps the retailer to kind of upmarket its image. But there’s also nothing from stopping a designer from starting a new line or creating a new brand and doing the same thing and reintroducing. I mean you’d think it would be safer to already have that in place. To me it would be safer to go the other way around which is to develop the high end brand and then to take a sub-brand variant of the high end brand and say, this is the version that goes to the Targets and the K Marts and Wal-Marts of the world. It seems harder if there isn’t already an upmarket or luxury brand that’s already been positioning. It seems to me it would be harder for Stella McCartney to say, okay, now I’m going to come out again and it’s going to be called something else, you know, Paul’s girl, I don’t know what you call it, and
don’t worry, I’m going to have success again at the upper end of the market. I mean to me that’s a bit of risk.

It’s a way to make a lot of money all at once without basically worrying about reseller value. This is it, it’s my money. That line doesn’t sell and Target has heaps and heaps in stacks in their distribution centres that they can’t get rid of that’s not my problem and so I’m getting a heap of money and the risk of the success of that product line further down the channel, isn’t my business anymore.

It’s one thing to say, ‘gosh, that was bad negotiation, that figure wasn’t high enough’. Fine, that’s just bad negotiation. But if you’re talking about the overall strategy is being kind of inherently irrational or inherently geared to the mass merchant and against the fashion designer, I’m not quite sure that I agree with that.

4.3.3 Analysis

From a business perspective you would darn sure want to protect that brand and you’d really be concerned about any kind of mass merchandiser discount store carrying that brand. So again, it gets back to how well you differentiate that part of the product line that will be a one off deal.

There’s nothing that stops Stella McCartney from developing a new brand that people clearly associate with her, there’s plenty of ways that she could brand it to where people
know, okay, this is it. In which case, that’s the old, that’s gone from upmarket to mass market and now here’s the new upmarket brand.

But why would a designer have to use exactly the same brand to engage in these kinds of arrangements. Clearly if it were brand X designed by Stella McCartney wouldn’t that make it clear that, yes, this is a top designer, okay, that’s clear. But it’s also clear that this is brand X and not the regular Stella McCartney line and that this has been made especially for mass merchant discount retailer Y. That, if you’re primary concern was about protecting the fashion brand that would be a safer way of doing it. Now, does that make it valuable for the mass merchant, the discount retailer? Yeah, it probably does, and what’s the balance there?

If you’re talking about the same basic product category in a same channel of distribution, the risk is much higher.

You could have a loss of control in any retail category. [Retailer Y] were being mass merchants. They were capable of offering large contracts. Retailers do what’s good for retail ownership and to a lesser extent for their customers. They’re not glorified sales forces for the manufacturer’s brands that they represent. So the idea that this was an inherently going to be a new kind of problem that the brand didn’t necessarily face before, I don’t know that that’s necessarily true.
[But] the fashion industry is kind of notorious for rejecting some of the basic principles of marketing, particularly when it comes to brands and yet, everything that you teach in marketing is the more intangible the product the harder it is to evaluate objective quality. The more important it is to develop a brand and protect it and manage it, and one wonders if the fashion industry’s kind of rejection of professional marketing hasn’t led to some really bad negotiating. It could be that those figures [the fee for a capsule collection] are horribly low compared to what that brand is worth, but hey, they don’t have brand portfolio management. We don’t study what people need and provide it. We are visionaries. It’s an almost open rejection of basic marketing principles and you wonder whether or not brands that had a much higher long term value are being cashed out because they don’t understand brand management and they’re proud of it.

You have to ask the question, how much is your success over here where you think you’ve got a decent business model dependent on your brand and how it’s perceived in the marketplace and to what extent are you risking that previous model for success by taking your brand and effectively putting it in a position where it’s going to be associated with a much lower end in the marketplace? From a financial perspective, if they’re doing this on the naïve assumption that this practice of mass distribution won’t affect my brand, and therefore I can do it for this amount of money, and I’m not even concerned about the money anyway, then I would suggest that they may be a little naïve about brand management.
4.4  THE STRATEGY TEMPLATE

The reader: The reader is a Professor in a Business faculty at a leading Australian University.

4.4.1 The alternative reading

In some ways it’s a classic strategy story because strategy is about being different, about working out how you might differentiate yourself from competitors. A second element of strategy is that it’s as much about what you don’t do as what you do do. Because any business has a range of opportunities that open up for it, a range of directions it might take and one of the reasons that having a sense of strategy is important is it can provide some sort of guidance as to what opportunities you should take, what directions you should take

Whether a particular strategic move looks smart, proves to be with hindsight, a good move, isn’t just about whether it seems to be a sensible move for an individual company, it’s also something which is determined by what your competitors do. For example, if competitors do a very, very good of mimicking exactly what you do, the uniqueness of your action is removed so what might happen is if you may perhaps get a very short term advantage until one or more competitors copy you, but, in that situation, within a very short space of time, you’re having to look elsewhere for a source of competitive edge. In this story I think what we see is a designer seeing a new opportunity for the development of his or her business. I read this story as being one that’s describing a designer who in some ways I would see as relatively inexperienced, certainly in the ways of business.

Having said that, I think it’s interesting that the extract that I was presented with starts off with a quote in which the designer immediately refers to the fact that this relationship with
a retailer is one that has worked previously in the industry. I see there’s quite an interesting coexistence of the notion of risk, experimentation, novelty and counter orthodox action with a notion that, well, this isn’t actually a silly risk because smarter people than me or more experienced designers than me have entered into this. So there’s some, there is some evidence that this is not crazy risk, so there’s a sort of mimicry element that’s part of it and that’s classic in business, that in fact in the organisational literature it goes by the wonderful name of mimetic isomorphism which is probably a term which would send most self respecting managers running a mile.

I would say there’s a level of satisfaction with it. It is however still I think an experiment and I think like a lot of things in business, they might work well when just a few players are doing it, but if it were to become rampant, in the sense at some point the whole logic might switch. So I mean if a whole lot of people start doing it I would predict that at a particular point in time the balance of power might turn to those who decided to say, no, we’re not going to play that game, because in a sense, over time, what becomes the orthodoxy changes and a certain point, because what we’re talking about here is still something which is in the realms of the unorthodox and I guess you could say, if you do something that’s non-orthodox or unorthodox, I’m not sure what the correct term is. If it’s a good call you get the benefit from being I suppose in a sense, like a first mover. If everyone jumps on the bandwagon, it loses its cachet a bit.

There’s some fascinating stuff that goes on at the margins, it really goes on at the margins of marketing and strategy to do with, when you jump on a bandwagon, when you get off it, the problems of being too successful. In this case, you’re dealing with the phenomenon of
perhaps something which was seen as a classic no-no, that if you positioned yourself upmarket, you'd be insane to do stuff that destroyed the very basis for what allowed you to charge a premium.

4.4.2 Prestige partner motivations

There's a little bit of risk reduction associated with the idea of doing something which has been done before. On the other hand, I'd say the bulk of the comments here are about a level of interest in doing something a little bit novel. Now, I don't know whether maybe the designer's taken a calculation that, there isn't a huge established reputation at risk here and that perhaps the potential benefits are much stronger than the risk. So maybe this person has calculated that the advantages to come from greater brand awareness exceed any risks that might be seen as associated with, if you like, going down market. I don't know exactly at what level this designers brand is positioned.

Some of the discussion is about being counter orthodox. It's a bit about 'well screw you!' If the masses begin to wear this brand, well, that's sort of like the new chic, that's the new street credibility that a designer might want. If the orthodox position was: you design clothes for a particular segment and the last thing you wanted was some Target-purchasing-westie to be wearing your clothes, well, you can say, well, actually that's old school. What we want to be is a brand that, if we've got people, if we've got non-traditional consumers wearing the brand, that's almost cool, that's the Dunlop Volley syndrome almost.
It seems to me that there’s been no evidence - that the designers aware of anyway - to suggest that her pre-existing clientele have deserted the brand because of this initiative. But maybe the rules of the game have changed a little bit and the fact that a few leading international designers have played this game, maybe have legitimated this practice, and may even give the brand some sort of bizarre new cachet. What’s smart and what’s not smart has a hell of lot to do with historic context. So it could actually be that a particular combination of circumstances has meant that this isn’t quite as risky a strategy as it was in the past.

Partly what I’d be looking at is the specific, the relative newness of this relationship which perhaps meant there’s a level of enthusiasm particularly at the retailer end.

It’s almost like the mindset of design people and we’re [strategists] looking at it in the sense, okay, is this a rational business decision. It’s interesting that this designer has pretty much said, ‘I just thought it sounded like an interesting thing to do’. Whereas we’d be training our students to model it, get out your spreadsheet, do sensitivity analysis...How many of these would you need to sell through an outlet like Target to compensate for what might be a 20% drop in your core business. And the margins in those two businesses, what would the trade off need to be? It makes us sound awfully dull.

There was a sense of experimentation, curiosity, there was something here which was a little bit counter orthodox and maybe that appealed to that person. Secondly, this is going to give me some guaranteed cash flow and of course, if you’re still at the level of being a
smallish entrepreneurial business, one of the things you almost dream about is having a certain level of predictability of cash flow.

4.4.3 Analysis

One of the long held beliefs in strategy has been this tension of positioning. It goes back to Michael Porter’s stuff. One of the worst things that can happen to you according to Michael Porter is this thing called stuck in the middle, and it is actually a real problem. It’s a bit like not being clear about what you want to do so you end up being caught in a pincer movement between people who really came to the top end of the market by being exclusive, and charging a premium price, and people who perhaps are really doing a much better job of competing on price than you.

One of the dangers for a company that does do that though that if it does start to go wrong it can be quite difficult to try and reposition yourself as premium. In a sense, having gone mass-market it’s not always possible just to say to the consumer, I’m sorry, we made a mistake, we’re going back to being premium.

I think the orthodoxy within I think strategy and marketing in recent years has been on a cautious side. I don’t think they’d be many marketing or strategy people who would have been arguing the virtues of the Stella McCartney, Target link.
For the retailer it could be just huge upside because in a way the retailer’s not really risking much really. So it’s a real upside and in the early days it’s a source of really good publicity even if the actual financial benefits are modest.

To prevent cognitive dissonance, maybe the designer can come up with the idea of saying, oh well, actually, no this isn’t just commercial pragmatism, this also has almost like political credibility because this is about doing what a lot of the conservative established brands would be too scared to do. This is about going more mass-market. You can see how you could wrap, if you like, a political credibility logic around commercial pragmatism.

It was almost like a freshness and a naivety in it. So that was the bit that struck me, I thought, well hang on, this person’s presumably got a brand that’s well enough known that’s going to be advantageous for Target, on the other hand, this persons not taught well. Maybe it’s just that I spend too much time talking to business people, but this person doesn’t sound like an experienced business person.

4.5 THE ORGANISATIONAL BEHAVIOUR TEMPLATE

The reader: The reader is an Associate Professor of Organisational Studies at a leading Australian University.

4.5.1 The alternative reading

My take on it is a pretty simple one. It is a story about the ascendancy of short term profit over longer term building of value. I think the disconnect is there because on the one hand
the advisors might say well, the sensible long term strategy is to remain faithful to your art but the attraction of shorter term profit maximisation revenue in sales is too strong.

The thing I found most interesting about the case was the way in which Designer X sought to or managed to rationalise what was going on. I...see that as being very functional for her because there’s this notion in which I think she loses a degree of control of her brand through this process and yet it’s suggested that it’s clearly financially advantageous for her, that relationship, and she’s clearly enthusiastic to do it again, and there’s a really kind of potentially insincere or trite kind of observation about, ‘I don’t know what I’m doing, and I don’t whether it’s [the PMMP] right or it’s wrong’. But she sort of talks herself into the fact that she doesn’t know whether it’s right or wrong or it’s bad or it’s good. I felt there was something almost deliberately inauthentic about that.

[In reading the narrative], clearly I would be constructing a different narrative. X sees no way of expanding her markets sufficiently quickly and therefore takes up the opportunity offered by Y to follow the trend towards establishing a relationship with a mass market distributor. Y at first comforts X by ensuring that they’re flexible and they’re not just there to take whatever they can get. They do take whatever they can get but then Y proceeds to distribute her stuff widely without very much support or concern for the integrity of the brand and X lives happily ever after because the money and the exposure and the greater sales make up for the compromises that she needs to endure in order to produce lower cost, high selling items, and the development of another player in the mass market, ensures a happy ending to the story for the mass market distributor, and...at least in the medium term
for designer X. Well, it’s a happy story for designer X because, I suspect then what happens is designer X sells that label and goes off to create a new one.

One [critical moment] was clearly where she exerted her veto right to pull one of the designs from the range...The suggestion being that that was a unilateral decision. I still have some power over here. I’m prepared to exercise it.

The other one which really of course really sticks with me, the other [key] incident in the discourse is about the punters rifling through her clothes like they’re some just stock, that is just to be thrown on the floor and abused and that this was some kind of shock for her, that, and then that counterbalanced with what I see as this reconstruction of the consumer. Initially they might seem quite primal and savage, it actually turns out that they’re really very discerning. It actually turns out that in fact they like the stuff that I like and they’re not so bad after all. It’s almost like ‘I should go with my hunch on these things because the things that I think are really good, even if they’re a bit out there, actually turn out to be those things that sell best’.

4.5.2 Prestige partner motivations

I think there’s an element of post hoc rationalisation there. Actually I suspect it’s very much in her interests to get greater exposure for the brand and generate greater sales. She can perhaps rationalise that as not being a conscious decision to sell out or to, mass market or popularise her brand. It was something that was as much done to her as part of her conscious decision. That notion about not really having control over the process I think was imbued throughout it all as well. It was all very fluid and very uncertain and very flexible
and there was no conscious strategy at work here and any of the sort key significant decisions she made just happened on gut feeling as much as anything as being part of some rational plan or strategy.

Another thing that might drive that too is that I suspect that this sort of designing business is replete with larger than life egos and the belief that, well, just because people say I can’t do it is all the more reason to do it and to prove them wrong. I dare say like this story, they’re often relatively independent operators and they’re not accustomed to working with organisations. So maybe some of that naivety is genuine. Although I didn’t really detect a great deal of naivety in her discourse, I mean, she seemed pretty savvy to it and pretty ready to embrace the financial benefits associated with it and didn’t seem to be uncertain about whether it would do longer term damage or not. But then again, I note the way that she again rationalised that as a success because my sales of my mainline brand... have increased as a result.

I don’t quite get it unless it’s about just trading off the name and trying to squeeze as much as you can out of brand equity and I think she actually says something to that effect at one point. My simple explanation is that she did it for the money. But then there’s this other justification process about somehow it being good for her. It made her harder or something or it made her tougher or she learnt some lessons and yet we don’t hear what those lessons are. I think that’s all quite deliberately vague because I’m not sure there’s much substance to it. I didn’t see much else other than the short term financial gain to be associated with it. I mean you get the impression that she’s not a household name; I’ll put it that way. So presumably there is a greater marketing exposure that may well appeal. I mean it’s a
matter of getting her name out there perhaps or her labels name out there more generally. Maybe it makes more sense for someone like her who’s emerging than it might for the Karl Lagerfeld’s and Stella McCartney’s of the world I suppose.

My impression was [the fact that other designers had undertaken PMMPs before] definitely would make it safe for her to do that. It is a rationalisation but it’s an effective defense to the charge that you can’t be taken seriously because you can quote all these big names who’ve done it I suppose. So in that way I think for what it is, it’s quite an effective rejoinder to the claim that we can’t take you seriously. I don’t think she was just telling us that as a story. That it was in some way made up or was only convenient for her. I suspect that someone in that position would really go through that decision making process and that would be a key game breaker for them to accept doing it because others have done it before.

She sounded like she was someone whose business and brand had grown relatively quickly and that she wasn’t totally in control of that process and that was fine and she was going along for the ride and here was another opportunity and she was in the business of taking opportunities almost on a whim. I think the rationalisation was post facto rather than all part of some grand design. I think it was pretty much about - I’m ambitious, I’m opportunistic. I want to try and take whatever chance I can get here. Here’s a chance for broader exposure and some revenue and I’ll take it and see how it works out and, oh, they’re being quite flexible. They’re prepared to take what I’m prepared to offer. But then there’s the undercurrent there about some of the things that are de-emphasised that might have been critical decisions, like, well, presumably she had to do swimwear and she’d not
done swimwear before. Maybe they were quite flexible, but obviously they insisted on certain things and they’re obviously kind of influential in advising on what would work and what wouldn’t work, and so, but anyway, the decision was, well, this worked for her on her terms in the sense that it increased exposure. It didn’t appear to damage her mainline brand. It compromised the amount of time she could spend on that. It was clear that she saw it as a net positive and I assume then that’s the reason for her continuing to do it again or being keen to do it again.

2.5.3 Analysis

This business model is interesting because it creates a way of having both worlds. A way of having both the prestige brand as the mainline label which is actually still unobtainable but there is this association through name and reputation. You know, no one imagines that it’s the same thing as if you might be going to whatever the high end prestige label store where it’s sold. But it’s got the association because it’s associated and in some sense been designed by or with some input from the designer. So maybe that’s quite an ingenious model in that way and obviously if it’s increasingly popular then it’s working.

From that business model perspective then perhaps the initial offer and overtures of flexibility are critically important, in the sense of destroying the assumptions that many designers might have about what this is going to involve. Having the distributor saying, ‘well, we just want you to do what you do and we just want freedom and, oh, but we need swimwear and, oh, actually but that won’t sell and, oh, you can’t do that and, oh no, we’ve got to get it made at this production facility. But we’ll look after all that for you’. I can just imagine those exchanges; distributors being aware of being careful about imposing those limits early on because they’re looking to try and say, ‘well, it’s all about you and it’s all
about what you want to do’. So offering them that degree of freedom and latitude and maybe even the occasional veto. I could imagine if I was a senior executive for the distributor [saying] ‘we’ve got to pretend that they’ve got some freedom here’. I think they’d be an element of that management, like managing a difficult precocious actor or something. They’ve got this ego that needs to be looked after to some degree.

I think business makes sense for the most powerful player and I suspect that the distributors are probably more powerful and have more resources than designer X. It would only be surprising if I couldn’t see a benefit for distributor Y. That would make it puzzling but the fact that it makes sense for them then they’re going to find a way to try and convince designer X that it’s in her interests whether it is or whether it isn’t. Which I think is just a straight up power analysis of the relative power between X and Y. So I don’t necessarily expect it to make sense for X. But I think there’s a number of other psychological and ego related reasons and this very active process of rationalisation that seems to be going on speaks to that a little bit I think.

I suppose I’m suggesting [that researchers could look to] the political sciences that highlight the role of power in business relationships. I hate to get all individualist on this but the psychology of the maverick designer. I think that helps, the attribution errors that individuals make about, saying, well, just because I’m advised against it doesn’t mean it’s a good idea because I’m different from everyone else or my product is different from everyone else or my product won’t succumb to the dilution that might occur with lesser brands. I will be able to maintain my artistic integrity in the face of these challenges. Others can’t because they’re weaker and they don’t believe in their brand as much as I do. So they’re
quite individualist psychological explanations but I suspect they might count for understanding X's thinking anyway.

It’s the short term profit over the long term value and combined I think with that decisive feeling of others have done it so why can’t I? I suspect that designer X is very conscious of that and that drives her desire to retell the story in a way that provides a lot of justification for why she did it, and it almost turning that into, hey, I like to be controversial and I like to do stuff that other people think is a crazy idea. I’m attracted to that because I’m so out there and so different. That aspect kind of annoyed me. That it wasn’t admitted to be, [what] it was, which was largely a way of generating revenue and increasing exposure. But as with any industry and perhaps even more so than some, I would have thought that design is an area where you get almost like a radical fringe who want to be counter orthodoxies.

One of the many things I’m really tired of is our constant attempt to generalise. Industry and sector is everything. There are some things about organisational dynamics and organisational behaviour we can use to generalise but this wouldn’t be a story in other sorts of industries or industry settings I don’t think. It sort of reminds me of the art world. Like big players- distributors like dealers- and artists trying to maintain this artistic integrity and authenticity and when they don’t or when they mightn’t. There’s a lot of rationalisation about what we’re doing here and we’re democratising art or whatever.
CHAPTER 5: FINDINGS, DISCUSSION AND CONCLUSION

This thesis began with the postulation that a range of complex structures, strategies and motivations underlay PMMP. The findings of this study support that contention. In particular, the research suggests that multiple and complex drivers account for a designer’s decision to undertake a PMMP. Therefore, any explanation of the phenomenon will need to be able to capture these multiple facets. A linear, causal model that places the rational firm at the centre of analysis will not suffice. Nor will any framework that does not take account of the specific context of the prestige fashion industry that has permitted and facilitated the emergence of the PMMP phenomenon.

This chapter is organized as follows. Cross-case analysis is used to examine the explanatory power of the various theories and theoretical perspectives as introduced in Chapter 2. The outstanding elements of the phenomenon requiring further investigation are identified. The literature on entrepreneurial opportunity is introduced as a means of accounting for these outstanding issues. It is found that entrepreneurship literature has considerable explanatory power in relation to the designer-side motivations for undertaking a PMMP. Structuration theory, an approach rooted in political philosophy but increasingly popular in entrepreneurship studies, is used to develop a framework for understanding the context surrounding PMMPs (Giddens 1984; Chiasson and Saunders 2005; Sarason, Dean et al. 2006). Finally, a model of the drivers of PMMPs is articulated, based on Sahlman’s (1996) People-Context-Deal-Opportunity (PCDO) model of entrepreneurship.
5.1. ANATOMY OF A PMMP: UNITS OF ANALYSIS, MODELS, ASSUMPTIONS

Employing cross-case analysis, this section uses each of the three readings presented in Chapter 4 to generate understanding of the phenomenon. This section focuses on the alternate readings that readers provided from the perspective of their own expertise. This section first summarises the elements of PMMPs found to be unexplained by the three readings. The section then explores these elements in detail, under the headings of structures of PMMPs, the strategies associated with PMMPs followed by the motivations that can underlie PMMPs.

5.1.1 The outstanding elements

*Men who have excessive faith in their theories or their ideas are not only poorly disposed to make discoveries but they also make poor observations. They necessarily observe with preconceived ideas* (Bernard 1865, 180-181)

The three readings of the narrative have two important uses: first, they confirm the supposition made following the literature review that these traditional streams of thought can satisfactorily account for the motives on the mass-market partner side. Second, they highlight the remaining elements for study in relation to the prestige partner. The conventional schools cannot comprehensively explain what would sensibly motivate a firm to undertake a PMMP. In the PMMP studied, the following conditions were in place at the outset: no ongoing revenue stream, no ongoing publicity stream and non-synergistic positioning of the mass-market retailer. Inkpen and Choudhury (1995) have argued that these cognitive omission are the result of the ideological framework of the given research discipline. An excessive focus on causal determinism can lead researchers to ignore the human or individual elements of business research (Ghoshal 2005).
Table 8: Summary of thesis findings

<table>
<thead>
<tr>
<th>Unit(s) of analysis</th>
<th>Implicit conceptual model(s)</th>
<th>Assumptions about human behaviour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branding literature</td>
<td>The relationship between PMMPs and parent brands is symbiotic.</td>
<td>Analytical Strategic</td>
</tr>
<tr>
<td>Branding reader</td>
<td>The prestige brand</td>
<td>Materialistic Calculating</td>
</tr>
<tr>
<td>Strategy literature</td>
<td>The firm and its industry context and environmental context</td>
<td>Rational Utility maximising</td>
</tr>
<tr>
<td></td>
<td>Strategy is ever-present. Successful prestige firms balance under-capitalisation and over-saturation of brand value.</td>
<td>Deliberative</td>
</tr>
<tr>
<td>Strategy reader</td>
<td>The firm and its industry context and environmental context</td>
<td>Contradictory Self-reflexive</td>
</tr>
<tr>
<td></td>
<td>Low barriers to entry Differentiation Positioning</td>
<td>Curious</td>
</tr>
<tr>
<td>Organisational Behaviour literature</td>
<td>Relationships Networks</td>
<td>Diminishing marginal returns</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Relationship-focused</td>
</tr>
<tr>
<td>Organisational Behaviour reader</td>
<td>The relationship Zero-sum game Industry specificity</td>
<td>Power-seeking Power-asserting Compromising</td>
</tr>
</tbody>
</table>

The ideological frameworks represented by each of the three readings also resist effort at combination by focusing on one variable at the expense of others (Baumol 1968) (Inkpen and Choudhury 1995). As Ghoshal (2005) argues, ‘given the very different framings, [nothing] can be combined with anything else, except in a very synthetic and ad hoc manner’. Models such as Chandler’s (1962; 1964) structure-strategy analysis of the firm is one example of rational, deterministic frameworks that bear ‘little resemblance to how businesses start and survive’ (Bygrave 1989, 16). Inkpen and Choudhury (1995) argue that, particularly in the field of strategic management, there is a lack of dynamism when confronted by challenges to existing theories. There is, they contend, a tendency to ascribe linearity and rationality to complex organizational phenomena, even where the data suggests that those attributes are not necessarily present. Each of the three readings offered of the narrative throws up examples of this tendency, for instance:

*For an upmarket prestige fashion brand to pursue that kind of strategy, it [might be advisable] for a brand that is slowly gradually losing its cache and losing its ability to be successful with the more upmarket speciality retailers and so decides to kind of cash in and say rather than dying a slow death, let’s kill the*
brand at a much faster rate but lets make a lot of money in high volume sales.

Relying on the discourses of the dominant schools outlined in Chapter 2, PMMPs don’t “make sense”. The financial incentives alone do not appear to be sufficient to overcome the risks. The PMMP gives the designer access to a new distribution channel, but not a channel that reflects the positioning of the brand to date, or the desire of the designer to operate that prestige brand into the future.

5.1.2 Units of analysis

One of the notable differences between the paradigms of branding strategy and organisational behaviour was the use of alternative units of analysis to focus the discussion. Clue words can be used to highlight an interviewee’s focus on particular forms as the basis of their argument (Cohen 1987). Using units of analysis as ‘clue words’ within each discourse emphasises the elements that each approach regards as having explanatory power.

<table>
<thead>
<tr>
<th>Units of analysis</th>
<th>Branding Reader</th>
<th>Strategy Reader</th>
<th>Organisational Behaviour Reader</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brands</td>
<td>147</td>
<td>33</td>
<td>8</td>
</tr>
<tr>
<td>Firm</td>
<td>1</td>
<td>54</td>
<td>-</td>
</tr>
<tr>
<td>Fashion industry</td>
<td>3</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>Competitive environment</td>
<td>1</td>
<td>13</td>
<td>-</td>
</tr>
<tr>
<td>Relationships</td>
<td>2</td>
<td>-</td>
<td>37</td>
</tr>
<tr>
<td>Mass-market partner</td>
<td>14</td>
<td>17</td>
<td>15</td>
</tr>
</tbody>
</table>

As expected, all of the readers relied on the preferred unit of analysis in their own field as the starting point for discussion. ‘In some ways it [the narrative] is a classic strategy story because strategy is about being different, about working out how you might differentiate yourself from competitors’ (Strategy Reader). That firms seek to differentiate themselves was taken as given by the Strategy Reader, with no exploration of what role the mindset of
the designer might play in conceiving of differentiation strategies. Given that strategy literature emphasises that firms compete not only with their direct competitors, but also with buyers and suppliers, it is unsurprising that relationships as a concept received minimal attention in this reading. Table 10 captures the broad consistency between the readers and their theoretical roots.

Table 10: Are PMMPs sensible? - The Literature and the Readings

<table>
<thead>
<tr>
<th></th>
<th>For the mass market partner?</th>
<th>For the prestige partner?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branding literature</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Branding reader</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Strategy literature</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Strategy reader</td>
<td>Yes</td>
<td>Yes, but temporally bounded</td>
</tr>
<tr>
<td>Organisational literature</td>
<td>Yes, if transaction costs are not significant</td>
<td>No</td>
</tr>
<tr>
<td>Organisational reading</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

Not unexpectedly, the Branding Reader emphasized the brand as the dominant paradigm for attention. Indeed, the branding reader referenced the concept of the brand 147 times in the course of the interview, while using the concept-words of ‘firm’ and ‘competition’ just once. The focus was virtually myopic, with the protection or exploitation of the prestige brand the only major consideration: ‘From a business perspective you would darn sure want to protect that brand and you’d really be concerned about any kind of mass merchandiser discount store carrying that brand.’ Branding research prioritizes the brand as the principal source of competitive value. It is consistent with that approach that a branding reader might struggle to identify advantages to any strategy requiring brand dilution.

The Organizational Behaviour Reader focused on business models and relationships, the bread and butter of that school:
This business model is interesting because it creates a way of having both worlds. A way of having both the prestige brand as the mainline label which is actually still unobtainable but there is this association through name and reputation. No one imagines that it’s the same thing as if you might be going to whatever the high end prestige label store where it’s sold. But it’s got the association because it’s associated and in some sense been designed by or with some input from the designer (Organisational Behaviour Reader).

Across the cases, the different units of analysis identified by the Readers confirm the initial supposition that these approaches do not lend themselves to combination. Indeed, to do so would only produce an untidy pastiche of analyses without fully accounting for the phenomenon.

Analysing within each reading, it has been found that each of these contrasting approaches are underwritten by distinct dominant logics. Dominant logics are defined as including an organisation or group’s organisation’s shared ideas of existing solutions and problems, including the criteria for legitimised knowledge (von Krogh and Grand 2000). Institutionalised practices, like the selection of a certain unit of analysis, give rise to dominant logics by which members of an organisation or network create, discover and develop their worldview (DiMaggio and Powell 1983; DiMaggio and Powell 1991).

5.1.3 Implicit conceptual models

Having analysed the way in which the selection of different units of analysis “ruled in” certain modes of thinking by each reader and “ruled out” other, this section explores the impact of implicit conceptual models on the readers’ interpretation of the narrative.
The prestige firm

When confronted with the disjuncture between theory and practice in relation to PMMPs, two responses were adopted. The first was to attribute a given strategy to the phenomenon under study even where it did not represent a good fit with the primary data. The Branding Reader, for instance, repeatedly asserted that the underlying strategy of the prestige firm was to cash out an existing high-end brand:

I want cash now. I want a big boat of cash now. I’ve got this brand, it’s valuable, but that money will come over time and at some point I’m happy to cash out and take a load of money now, and first of all there’s no guarantee that the brand will be killed. I mean we think it will but there’s no guarantee of that, and if they’ve negotiated well and they have an understanding of the kind of long term value of the brand and they can get a significant percentage of what that total dollar value is upfront, why not?

However, it was clear from the narrative that this was not the intention of the designer in this case. The designer clearly signaled her intention to produce her prestige line alongside the mass-market collection. This identified strategy (to cash out a prestige brand), while theoretically sensible, does not fit with the data presented. Wider analysis of PMMPs confirms that Designer X is not alone in her intentions. In the review of the PMMPs undertaken by 2 major retailers, presented in Chapter 2 of this thesis (Target Australia, H&M), all but one of the prestige designers who have undertaken a PMMP continue to produce their prestige line (Wilson and Barbaro 2008). Branding research struggles to adapt to situations in which designers might choose to exchange their brand equity for some reward other than ‘a big boat load of cash now’ (Branding Reader). The Branding Reader continued:

It’s hard to see how it won’t damage the brand to the extent that the brand gets associated with a retailer that doesn’t have the same positioning ... [I]t’s not obvious to me what the alternative motive would be for the designer other than to say, I can make a lot of money, I can make a lot of money quickly and although it
may damage my brand, it’s such a large amount of money that I’m going to do it.

This interpretation was repeatedly given by the Branding Reader, despite the fact that in the narrative, Designer X did not reference the concept of brand once, and identified the financial value of the partnership only in a post-hoc reflection on the advantages of the partnership. Prior to undertaking a PMMP, a prestige partner’s knowledge about the impact on brand equity is, at best, partial. Designer X reflected this incomplete knowledge with her comment, ‘I was curious to see what or how it was going to affect [my main label]’.

The second response was to attribute the disjuncture between theoretical prescriptions against PMMPs and their proliferation to mistakes in practice, rather than gaps in theory. ‘I read this story as being one that’s describing a designer who in some ways I would see as relatively inexperienced, certainly in the ways of business’ (Organisational Behaviour Reader).

Dominant logics within each of paradigm can create coercive pressures that can inhibit sense-making in relation to novel phenomena (Phillips, Lawrence et al. 2004). The Strategy Reader reflected on this problem, before highlighting strategy’s prevailing conclusion that PMMPs are unwise.

It’s interesting that this designer has pretty much sort of said, ‘I just thought it sounded like an interesting thing to do’. Whereas we’d be training our students to model it, get our your spreadsheet, do sensitivity analysis...How many of these would you need to sell through an outlet like Target to compensate for what might be a 20% drop in your core business. And the margins in those two businesses, what would the trade off need to be? It makes us sound awfully dull. (Strategy Reader)
I don’t think they’d be many marketing or strategy people who would have been arguing the virtues of the Stella McCartney-Target link. (Strategy Reader)

One of the risks in resorting to linear, causal models that assume rationality in a complex field like strategy is that the models begin to drive the theory rather than vice versa (Inkpen and Choudhury 1995). Most of the conventional models assume strategy involves a deliberate and deterministic process of rational thought and actions leading to a strategy outcome (Mintzberg 1990). The Strategy Reader interpreted the risks along similar causal lines:

‘One of the dangers for a company that does do that though that if it does start to go wrong it can be quite difficult to try and reposition yourself as premium. You know, in a sense, having gone mass-market it’s not always possible just to say to the consumer, I’m sorry, we made a mistake, we’re going back to being premium’ (Strategy Reader)

One of the advantages of the Alternate Templates approach is that by presenting those models alongside one another as Readers render an account of the same phenomenon, the implicit is made explicit. For instance, the Branding Reader’s analysis of the designer’s intention to cash out the brand contradicts that of the Strategy Reader, who argues that the motivation for undertaking a PMMP may have been to receive a cash injection to grow the prestige side of the business - ‘this is going to give [the designer] some guaranteed cash flow’ (Strategy Reader). Conversely, the Strategy Reader cannot explain how the designer will grow a prestige business whose exclusivity has been diluted. The implicit conceptual models adopted by each reader assumed a fully formed strategy where none had been shown to exist. They assumed that “successful” firms would exhibit rational and deliberate decision-making, rather than seeking to understand the decision-maker. When Designer X was brought into focus, it was to argue that PMMPs represent an error in execution rather than a hole in theory.
The mass-market retailer

The readings confirmed the contention outlined in Chapter 2 that there is a clear incentive for mass-market partners to undertake PMMPs and that the balance of power rests, at most junctures, with the mass-market retailer.

*For the retailer it could be just huge upside because in a way the retailer's not really risking much really... in the early days it's a source of really good publicity even if the actual financial benefits are modest (Strategy Reader)*

*Branding Reader: Obviously if you're Target [a discount department store well-known for its use of PMMPs] you're delighted if there's a brand association (Branding Reader).*

The Branding and Strategy paradigms have greater explanatory power in relations to the mass-market partner than the prestige partner because they more closely approximate the rational firm on which those approaches are based.

The Organisational Behaviour reader read the narrative as a one-sided power contest between the prestige and mass-market partners:

*I think business makes sense for the most powerful player and I suspect that the distributors are probably more powerful and have more resources than designer X. It would only be surprising if I couldn’t see a benefit for distributor Y. That would make it puzzling but the fact that it makes sense for them then they’re going to find a way to try and convince Designer X that it’s in her interests whether it is or whether it isn’t. Which I think is just a straight up power analysis of the relative power between X and Y. So I don’t necessarily expect it to make sense for X.*

By focusing on the relationship between the parties, this interpretation assumes the mass-market partner to be a rational actor with greater power. This assumption permits the reader to sidestep altogether the rationality or otherwise of the prestige partner or to
search for Designer X’s motivations for entering the PMMP, independent of the behaviour of the mass-market partner.

5.1.4 Assumptions about Human Behaviour in the PMMP Context

Each reading relied on certain fundamental assumptions about the nature of human behaviour within the PMMP context for their interpretation to hold. These assumptions are summarised in Table 11.

<table>
<thead>
<tr>
<th>Assumptions about human behaviour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branding Reader</td>
</tr>
<tr>
<td>Materialistic</td>
</tr>
<tr>
<td>Calculating</td>
</tr>
<tr>
<td>Strategy Reader</td>
</tr>
<tr>
<td>Contradictory</td>
</tr>
<tr>
<td>Self-reflexive</td>
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<tr>
<td>Curious</td>
</tr>
<tr>
<td>Organisational Behaviour Reader</td>
</tr>
<tr>
<td>Power-seeking</td>
</tr>
<tr>
<td>Power-asserting</td>
</tr>
<tr>
<td>Compromising</td>
</tr>
</tbody>
</table>

The Branding Reader assumed that responded to financial incentives as an overwhelming motivation. This assumption obviated the need for the Reader to consider more complex, or individual, motivations that might have prompted Designer X’s decision to enter the PMMP. For instance, the Branding Reader argued repeatedly that ‘no matter what that brand is, somebody forks up enough wheelbarrows full of money and says I’ll give this to you now if you sell that in my 850 discount stores all over the world, every brand has its price’.

In keeping with the implicit conceptual model adopted, the Organisational Behaviour Reader, attributing the Designer X’s motivations, and subsequent behaviour to power-seeking efforts by both Designer X and Retailer Y:
X sees no way of expanding her markets sufficiently quickly and therefore takes up the opportunity offered by Y to follow the trend towards establishing a relationship with a mass market distributor. [Y] then proceeds to distribute her stuff widely without...very much support or concern for the integrity of the brand and X lives happily ever after because the money and the exposure and the greater sales make up for the compromises that she needs to endure in order to produce, lower cost, high selling items.

The Organisational Behaviour Reader went on to suggest that the explanation for prestige partner motivations might not be found in the dominant paradigms at all: ‘I suppose I’m suggesting [that researchers could look to] the political sciences that highlight the role of power in business relationships. I hate to get all individualist on this but [research should focus on] the psychology of the maverick designer’.

In the most significant departure from the literature, the Strategy Reader assumed human behaviour to be more complex and contradictory than might have been expected from the causal, rationalist approach taken in other portions of the reading.

To prevent cognitive dissonance, maybe the designer can come up with the idea of saying, oh well, actually, no this isn’t just commercial pragmatism, this also has almost like political credibility because this is about doing what a lot of the conservative established brands would be too scared to do. This is about going more mass-market. You can see how you could wrap, if you like, a political credibility logic around commercial pragmatism.

The Strategy Reader placed a particular emphasis on curiosity and experimentation as significant motivators: ‘There was a sense of experimentation, curiosity, there was something here which was a little bit counter orthodox and maybe that appealed to that person’.
The search for a structural or strategic driver for a prestige firm to undertake a PMMP is yet to yield a convincing explanation. In exploring the motivations of Designer X, both the Strategy and Organisational Behaviour Readers acknowledge the need to look beyond the dominant paradigms. The motives of the designer for undertaking a PMMP elude easy quantification. Certainly, they cannot be understood using the units of analysis, implicit conceptual models or assumed human motivations of the dominant paradigms. But that is not to say that they defy explanation. To fully understand the PMMP from the designer-side, it is necessary to place the designer-entrepreneur, rather than the firm, industry, brand or organizational relationship at the centre of analysis.

5.2 THE OPPORTUNITY LITERATURE: ROMEO AND THE BALCONY

In his exposition on the place of individuals and institutions in the historical narratives of invention and innovation, Wiener (1993) beseeches readers to imagine Shakespeare’s Romeo and Juliet without either the balcony or Romeo. Without either, the story loses its meaning. Extending this trope, Wiener argues that the balcony is the architecture or context – the culture, institutions, enablers and constraints around which a narrative unfolds. Romeos, argues Wiener, are the leading men and women – there is a strongly personal element to innovation. He therefore criticizes most narratives and discourses of invention as ‘all balcony and no Romeo’ (Wiener 1993, 4). Venkataraman and Sarasvathy (2001) have argued that there has been a similar tendency in management and business studies to focus on “the balcony” at the expense of “Romeo”, whereas entrepreneurship studies could be accused of being “all Romeo and no balcony”. That vignette is a starting point to introduce the two new layers of analysis that will be added in this section: first, a focus on the entrepreneur as an actor within the PMMP and an analysis of the “acceptability effect” generated by the growing strength of the phenomenon. In this way,
this section will seek to generate an account of PMMPs that capture both Romeo and the balcony.

Bygrave (1989) argues that while conventional, often restrictive paradigms, may initially appear more seductive than the complex, messy paradigm of entrepreneurship, they are not necessarily more useful. In addition, he argues that entrepreneurship models have to be rooted in psychology and sociology if they are to be theoretically valid. In an overarching sense, the entrepreneurship literature is to be preferred over the traditional business and organizational literature because it is concerned with the achievement of beginnings, rather than the achievement of ends (Venkataraman and Sarasvathy 2001). When seeking to understand the motivations underlying this novel phenomenon, it is the beginnings we must look to.

5.2.1 The entrepreneur as the unit of analysis

‘Because it is there’ George Mallory (1923, 7) on his decision to climb Mount Everest

This thesis argues that it is most helpful not to separate decisions from decision-makers. In the case examined, the entry into a PMMP appears to have been motivated more by Designer X's personal curiosity than by any particular strategy:

Basically you just, you act upon response...but I don’t process everything so then it's like this stammering sort of thing. If it feels right or if it feels like I want to know what it’s about then I’ll go forward. You do things out of need as well as out of necessity as well as out of want. It's definitely not for clear reasons. It’s a gradient of responses and it does not go in one way – it’s multi-dimensional. It [creativity and the business] is a complete collision and it can also work completely together. It's like
wishing and I’d be lying if I said it was one or the other because it’s not that for anyone really (Designer X)

Conceiving of PMMPs as an opportunity event

It is telling that when pressed for explanations for the case at hand, two Readers in eschewed the rationalist, firm-centric explanations common to their literatures, preferring to emphasise the curiosity, desire for experimentation and spirit of adventurism of Designer X. This section will apply the literature on entrepreneurial opportunism to the narrative to test the strength of that speculation.

She [the Designer] sounded like she was someone whose business and brand had grown relatively quickly and that she wasn’t totally in control of that process and that was fine and she was going along for the ride and here was another opportunity and she was in the business of taking opportunities almost on a whim. I think the rationalisation was post facto rather than all part of some grand design. I think it was pretty much about - I’m ambitious, I’m opportunistic. I want to try and take whatever chance I can get here. Here’s a chance for broader exposure and some revenue and I’ll take it and see how it works out (Organisational Behaviour Reader)

In this story I think what we see is a designer seeing a new opportunity for the development of his or her business (Strategy Reader).

Entrepreneurial opportunities are situations in which new goods, services, raw materials, markets and organizing methods can be introduced through the formation of new means, ends, or means-ends relationships (Casson 1982). In the case of a PMMP, a new version of existing designer-branded products is introduced through a new means-ends relationship between the prestige partner and the mass-market distributor. The identification of an opportunity is individual and idiosyncratic. For example, Sarasvathy, Simon, and Lave (1998) have shown that successful entrepreneurs conceive of opportunities in situations in
which other people tend to perceive risk. It has been found that PMMPs can be best understood as the convergence of a desire for creative expression and opportunity capitalization of the part of the designer-entrepreneur.

McGrath and MacMillan (2000, 164) have described the ‘entrepreneurial mindset’ as one that seeks out ‘projects that have limited or containable downside risk in order to test the potential of an idea to deliver substantial returns at some time in the future’. Framed in this way, undertaking a PMMP in return for a fixed upfront fee can be seen as an opportunity to innovate at minimum risk with maximum opportunity capitalization. The entrepreneurial opportunity framework examines the intersection of the individual and an opportunity within a particular context. Without placing the entrepreneur at the centre of analysis, the decision to enter a PMMP can be dismissed as the vague, insensible opportunism of a naïve operator. But that approach neglects the reality that PMMPs are a continuing phenomenon and that even as unsuccessful collaborations stand as cautionary tales, designers are apparently eager to take up the opportunity, apparently thumbing their noses at their prestige customers.

The decision to undertake a PMMP by a prestige partner represents a convergence of opportunities: for creative expression, business growth, learning opportunities and personal fulfillment. These four dimensions are considered in detail below and summarized in Figure 2.
**Creative opportunity**

Particularly noteworthy in relation to the issue of creative opportunity is the structure of the PMMP in this case, which, as previously argued, is likely to be common, or even typical. The designer received a fixed upfront fee per garment designed. ‘Retailer Y agreed to another design which I wasn’t convinced on and then I pulled it from the collection – even though it meant I didn’t get paid as much’ (Designer X). Therefore, no direct economic imperative compelled the designer to produce work at the height of her capabilities; she had no opportunity to maximize her return beyond that which she had already obtained. The incentive to produce work of maximum quality could therefore only be driven by non-economic imperatives.
The conventional literatures do not leave room to capture these highly personal, perhaps irrational motivations. In this case, a PMMP appears to be less about making a profit than an opportunity for artistic expression. ‘Designer X observed [Design is] my version of the truth and it’s my...it’s all you can do!’ The opportunity for a new channel for creative expression should not be ignored as a genuine motivation for undertaking PMMPs, even as it contradicts conventional wisdom. In understanding PMMPs it will be necessary to account for the possibility that the designer’s motives may be ‘individualist and idiosyncratic’ (Evans 1990). Those motivations may sit outside the conventional business goals of profit maximization. Designer X claimed ‘it wasn’t all about making more money out of that project. It was also about being happy with what I was projecting. I knew that it was going out to a lot of people who had never encountered my label before. So it wasn’t even about being greedy or anything’.

Evans (1990) has argued that there is a chasm between ‘the creatives’ and ‘the commercials’ within the fashion industry that manifested in designers prioritizing design over marketing. While this argument has some merit, the examined cases and subsequent readings suggest that both design and marketing are imperatives acting on the designer in a PMMP, if not in strictly equal measure. Florida (2004) has argued that creative individuals consistently seek out economically gainful opportunities to exercise their creativity. He goes on to suggest that financial rewards not unimportant to creative individuals; but they are generally of less consequence in decision-processes than the intrinsic rewards of creativity.
Business opportunity

A PMMP, rather than being a strategy, or a subset of a strategy for a prestige firm, can be best understood as a ‘scouting option’ (Gunter-McGrath and MacMillan 2000, 176). Gunter-McGrath and MacMillan use this phrase to describe a particular subset of opportunities – those situations in which the entrepreneur is uncertain what product attributes the customer will ultimately prefer. The authors argue that ‘the guiding principle is to put some offering in the hands of customers in order to aggressively get feedback on their reactions to its features’ (177). When considered from the opportunity perspective, PMMPs are a viable method for designers to explore a new market segment, new product offering, new production process or new distribution relationships with minimal risk. Gunter and McGrath’s (2000) metaphor of the stock option might be helpful in conceiving of the thought process. Investors take out the option while they gather more information. Free to exercise the option or not, but if they don’t take out the option, they cut off the opportunity to learn about the viability or otherwise of the investment opportunity. In this case, Designer X expressed the view that her creative instincts were affirmed by the PMMP.

*People are cooler than I thought they were. They buy things that I actually love and so you can’t dumb people down because they actually are responsive… I noticed - which was really cool - the pieces that people really responded to sales-wise were the more interesting silhouettes. And where I feel like I had to dumb things down… They were the last ones to go.*

Moreover, Designer X acknowledged the importance of the cash injection in sustaining her business: ‘[It was] definitely a good business decision because… it did help a lot’. In this case, it appears that the value of the opportunity was sufficient to offset the opportunity cost incurred by the prestige partner (not being able to devote as much time as desired to her mainline collection) (Shane and Venkataraman 2000). Note however that this comment appears to be distinct from any suggestion that Designer X was seeking to cash out the
brand. Rather, it approximates the Strategy Reader’s analysis that the PMMP fee provided some important cash flow to sustain the prestige brand.

Thirdly, undertaking a PMMP is an important networking opportunity for a prestige designer. In this case, Designer X was subsequently invited to contribute to another PMMP for a different mass-market retailer. While this cannot be considered a motivation for undertaking the PMMP (the designer had no knowledge of the secondary opportunity at the time of completing the initial PMMP), it is evidence of the “soft benefits” that may accrue to a designer as a result of this type of commercial partnership (Evans 1990).

PMMPs are a useful means to explore new market segment, new product offering, new production process or new distribution relationships in situations of high market uncertainty. Indeed it is less risky than the traditional opportunity conjecture - forming expectations about the prices at which goods and services that do not yet exist will sell (Arrow 1962). In this case, the prestige partner is earns profit upfront, without fear of the performance of the venture. As the Branding Reader put it:

*It’s a way to make a lot of money all at once without basically worrying about reseller value. This is it, it’s my money. That line doesn’t sell and Target has heaps and heaps in stacks in their distribution centres that they can’t get rid of that’s not my problem and so I’m getting a heap of money and the risk of the success of that product line further down the channel, isn’t my business anymore.*

That said, the opportunity conjecture should also allow for analysis about the impact of this venture on the designer’s mainline activities. The risk of entrepreneurial loss therefore applies not just to this venture, but to the risk of overall brand dilution from undertaking an unsuccessful PMMP (Casson 1982; Shane and Venkataraman 2000). Given that
unavoidable dilution risk, conceiving of PMMPs as only a business opportunity event will not suffice to explain their popularity.

The fact that PMMPs cannot be slotted neatly into alliance typologies or strategic analyses does not mean that they are always nonsensical from the prestige side. The lack of a rational strategy or the development of well-defined objectives can nonetheless be a springboard for experimentation, risk-taking and learning (Pascale 1984; Mintzberg 1990). Those learning opportunities that may spur a designer into a PMMP are considered below.

Learning opportunity

In this case, the PMMP also provided an opportunity for the designer-entrepreneur to develop her skill base. Raffo et al (2000) have argued that there is a disconnect between the traditional logics used to train business people and the way entrepreneurs in cultural industries learn to practice and do business. They argue that entrepreneurs are likely to regard “real-world” exercises within an established community of practice as presenting the richest vein of learning opportunities. Seen in this light, a PMMP begins to make considerably more sense from the prestige side. While it may not be possible for the designer to anticipate the specific learning opportunities prior to undertaking the partnership, the opportunity for knowledge acquisition generally has been found to be a significant motivator. In the case at the centre of this thesis, Designer X emphasizes the learning opportunities as central to the collaboration:

*I tried to do things that I’d never done before...because they could facilitate that. So I used it as a learning experience too and I took*
full advantage of that. We’d go to fittings and there’d be people who work and specialise in swimwear and they’d tell me about what was possible and I’d tell them ‘I’m not happy with that fit’. It was just being able to work with people - a lot of different people - and it was all about surviving in that. My relationship with my pattern makers had been so limited previously.

In the case presented, the designer had the opportunity to work on new products (swimwear) and on a larger scale than she had previously experienced, both important developmental opportunities for the entrepreneur. Moreover, inherent within PMMPs is the opportunity for designers to learn to work as part of a large organisation. This is an opportunity that may well not present itself again during the career of a prestige designer. As the Organisational Behaviour Reader put it, ‘they’re often relatively independent operators...and they’re not accustomed to working with organisations’. In this case, that opportunity resulted in Designer X positively clarifying her expectations about the behaviour of the mass-market retailer, which provided her with more creative freedom than she anticipated.

In addition, the experience proved a salutary lesson in merchandising and control:

I’d go into the shops and see how people are reacting to things and it was distressing I must admit. Seeing a whole stack of my clothes just on this rack and some of them falling off. Merchandising is quite a big deal and I think there’s a product and then there’s a way things are presented as well – that’s just as important. That’s the catch when you go into something like that. You’ve just got to let things go. It’s for the masses.

Despite that “distress”, the designer communicated her enthusiasm to be part of a second PMMP, suggesting that the takeaway in this case related to necessary compromises, rather than an antipathy for the thundering hordes. The designer’s own narrative emphasises the importance of learning opportunities in undertaking a PMMP, even if those specific lessons or learning objectives are not clear at the outset.
Personal fulfillment

Entrepreneurship scholars have suggested that a focus on the person is critical (Baumol 1968; Kirzner 1999). In instances where the designer is also the owner-manager of the firm, the company and the person cannot be separated (Bygrave 1989; Hill and McGowan 1996). Not only is the entrepreneur the appropriate unit of analysis, but it is essential to understand the projects, dreams and goals of the entrepreneur to fully understand the phenomenon (Heidegger 1962; Okrent 1988). In the case examined PMMPs are motivated, at least in part, by the opportunity for personal growth. Designer X again: ‘It was hard, it made me stronger I think. And it made me believe ‘Oh, if I can do that in my third year of my label then anything was possible’. I only graduated a couple of years prior to that so it was kind of cool.’ The element of curiosity was also evident in the designer’s narrative as a significant driver. ‘I hardly ever say no. I’m really curious. I just did it because I was like well, ‘why not?’’

As individual designers increasingly become not only ambassadors for their brand, but taste mavens in their own right, the chance to design a ubiquitously accessible collection may feed the designer’s ego, beyond any business-side advantage it may offer. Capsule collections are sometimes provided by celebrities as well as designers (viz. Kate Moss for Topshop, Madonna for H&M) and the desire to establish or cement themselves in the public consciousness may motivate designers. In moving beyond the dominant paradigms, the Organisational Behaviour Reader emphasised the importance of ego, noting ‘I don’t necessarily expect it to make sense for X. But I think there's a number of other psychological and ego related reasons and this very active process of rationalisation’.
One or several elements of irrationality are involved in the decision to undertake a PMMP. This finding is further supported by the inability of the traditional schools to identify a wholly rational account of the PMMP phenomenon. In this case ‘human intentions matter’ (Ghoshal 2005, 79). It is only by reference to the mental states of individuals, and the delicate mental balancing act of business, creative and personal states, that we can fully come to grips with the phenomenon of the PMMP (Elster 1983).

This section has considered the four opportunity frames that are in play as the designer-entrepreneur deliberates over the decision to undertake a PMMP. While the prestige partner does not presage all of the specific results of the partnership, the broad opportunity events – creative, business, learning and personal are in focus.

### 5.2.2 The context – the balcony

“Fashion is custom in the guise of departure from custom” (Sapir 1930, 140)

Entrepreneurial opportunities are highly context specific (Kirzner 1999). Human imagination precedes the creation of specific products and firms (Venkataraman and Sarasvathy 2001). The major finding of this section is that specific environmental context factors are associated with the emergence of PMMPs. Those factors are important in understanding this unusual business partnership. This section lays out those contextual factors neglected by the conventional readings. Inkpen and Choudhury (1995) argue that this exercise in context-setting is particularly valuable when dealing with phenomena that appear to sit outside conventional typologies:

*What about the firm that cannot be slotted into a strategic typology? A dedicated typologist would create a new category... An alternative approach may be to step back and ask some*
fundamental questions about the reasons why a particular firm fails to exhibit the requisite characteristics for classification?

This thesis has taken up both of those suggestions. It has articulated and distinguished the nature of the PMMP as a collaborative phenomenon and argued for the appropriateness of the entrepreneur as the starting point for understanding PMMPs. The thesis now moves to asking these fundamental questions about the context in which those opportunities are discovered. Two important contexts are highlighted: the role of counter-orthodoxy within the fashion industry and the acceptability effect that surrounds PMMPs. These contexts inform the opportunities discussed in the previous section, as summarized in the figure below.

*Figure 3: PMMPs as a context specific event*

Entrepreneurial opportunities as discussed in the above section are extremely context-specific. The encoding and management of tensions is an ever present context within the fashion industry. The industry itself is composed of contradictions. Context is therefore an
important mediating step that explains the emergence of the partnership. The attempt to generalize is not only problematic, but unhelpful. The Organisational Behaviour Reader argued that the PMMP ‘wouldn’t be a story in other sorts of industries or industry settings’.

Stevenson (1983) argues that entrepreneurship is largely a situational phenomenon, while Bates (1995) argues that entrepreneurial research is most meaningful when conducted in a specific industry. More recently, scholars have argued that structuration theory represents a meaningful way to capture the complexity of the interaction between entrepreneur and opportunity (Sarason, Dean et al. 2006). Entrepreneurship must be understood as an intrinsically social phenomenon. Entrepreneur and opportunity exist in a pas de deux; they cannot exist and therefore be understood, separate and distinct from one another (Shane and Venkataraman 2000). Structuration theory depicts the agent as enabled and constrained by social context; at once an agent of change and a victim of circumstance (Giddens 1976; Giddens 1979; Giddens 1984; Giddens 1991). As the examples below make clear, this is very much the position of the prestige partner in a PMMP.

Each of the readers indicated that it might be necessary to look beyond the dominant discourses to account for the industry-specific factors relating to PMMPs. The Branding Reader, conceding that a PMMP looked risky from a branding perspective, offered the following justification:

> [But] the fashion industry is kind of notorious for rejecting some of the basic principles of marketing, particularly when it comes to brands and yet, everything that you teach in marketing is the more intangible the product the harder it is to evaluate objective quality. The more important it is to develop a brand and protect it and manage it, and one wonders if the fashion industry’s kind of rejection of professional marketing hasn’t led to some really bad negotiating. It could be that those figures [the fee for a
capsule collection] are horribly low compared to what that brand is worth, but hey, they don’t have brand portfolio management. We don’t study what people need and provide it. We are visionaries. It’s an almost open rejection of basic marketing principles and you wonder whether or not brands that had a much higher long term value are being cashed out because they don’t understand brand management and they’re proud of it.

Counter-orthodoxy: The encoding of tensions, dualities and contradictions

Within the fashion industry, there is a pervasive dialectic of status and anti-status, democracy and distinction, inclusiveness and exclusiveness (Davis 1989). The prestige fashion industry is fond of subjective tensions and status ambivalences (Davis 2007).

In the narrative examined, and in the subsequent readings, two subjective tensions were identified as providing important context for the identification of a PMMP as an opportunity: the pursuit of counter-orthodoxy through the delivery of a prestige product in a mass-market setting (status and anti-status) and the desire to democratize access to high-quality design (inclusiveness and exclusiveness). Designer X identified the attractiveness of this duality, observing, ‘I kind of liked the fact that there was a bit of tension about the whole mass-market partner thing’.

... some of the discussion [is] about being counter orthodox. It’s a bit about we’ll sort of screw you, you know, its sort of almost, there’s a bit in there on somehow that, you know, that if the masses begin to wear this brand, well, you know, that’s sort of like the new chic, you know, that’s the new sort of street credibility that a designer might want. If the orthodox position was, you know, you design clothes for a particular segment and the last thing you wanted was some sort of Target-purchasing-westie to be wearing your clothes, well, you can say, well, actually that’s old school, you know, what we want to be is a brand that, if we’ve got people, if we’ve got non-traditional consumers wearing the brand, that’s almost cool, that’s the Dunlop Volley syndrome almost.
PMMPs occupy a similar context to the constantly shifting role of denim as an emblem of status and anti-status in fashion, which cycled from a working-class fabric to extravagantly high-end designer fashion in the 1980s, settling (for the moment) in the middle market (Davis 1989).

The counter-orthodoxical entrepreneur is one of the familiar archetypes of the fashion industry. In the early 1970s, Vivienne Westwood and Malcolm McLaren opened ‘Nostalgia of Mud’, a conceptual fashion store in the then-unfashionable St Christopher’s Place, London. The clothing proved too far ahead of its time to capture a meaningful market share. The store promptly closed; a failed entrepreneurial experiment. From that failed experiment, Westwood wove her narrative of counter-orthodoxy and experimentalism and is now widely considered the most influential British designer working today (Arden 2006).¹ It is, of course, not possible to generalize from this vignette, but it does emphasise that the fashion industry is a competitive context with perhaps a greater tolerance for experimentation and eccentricity than many industries.

The repeated claim of mass-market partners is that capsule collections democratise access to high-quality design (H&M - Corporate 2004; Moore 2006; Breen Burns 2007; Horsburgh 2008; Target Australia 2008; Target US 2008). Certainly, this aspiration seems to be shared (publicly at least) by the prestige partners (H&M - Corporate 2004; Target Australia 2008; Target US 2008). A PMMP is a symbol of the ability of designers to juggle competing imperatives, perceptions and dialectics. After Karl Lagerfeld’s much publicized and much

¹ The impact of the ‘Nostalgia of Mud’ experiment on McLaren’s subsequent decision to form the Sex Pistols is, regrettably, a question for another time.
lauded collection for Swedish-based global mass-market fashion retailer H&M, the designer gave an interview in which he declared his dissatisfaction with the process.

"The incomprehensible decisions of the management in Stockholm have taken away any desire to do it again. They did not make the clothes in sufficient quantities. I find it embarrassing that H&M let down so many people... I don’t think that is very kind, especially for people in small towns and countries in Eastern Europe. It is snobbery created by anti-snobbery" (Vogue.com(UK) 2004).

But, as is the nature of an industry beset by contradictions and dualities, the democratic imperative may be offset by others. In the same interview, with no acknowledgement of the glorious irony contained within his remarks, Mr. Lagerfeld was equally apoplectic about H&M’s decision to produce his collection in a range of sizes. ‘What I designed was fashion for slender and slim people,” said the (now) famously svelte designer. ‘That was the original idea’. Designer X put it rather more gently, noting, ‘people that probably couldn’t afford my stock would go and get something from the collaboration line with Retailer Y. It just stretched it out a bit more.’ The projects of counter-orthodoxy are ever-present in the prestige fashion industry and symbol subversion has become an important tool for designers to innovate (Davis 1989; Crane 1997). While PMMPs remain a relatively unusual phenomenon, the desire to pursue a counter-orthodox project will attract some designers to them.

The context of acceptability

The second important element of context facilitating PMMPs from the prestige side is that of acceptability. Prima facie, it might seem impossible for the notion of acceptability to sit alongside the rejection of orthodoxy, but in this industry context, the seemingly unhappy marriage is quite possible. Eckert and Stacey (Eckert and Stacey 2001) argue that the products of the fashion industry are the result of an ever-evolving consensus of acceptable
design by industry thought leaders; industry professionals create contexts for one another.

Economic behaviour in the fashion industry is heavily influenced by immersion in the social groupings of that world (Santagata 2002). Imagination and aspiration, both collective and individual, is an important driver of the uptake of opportunities (Venkataraman and Sarasvathy 2001; Gartner 2007).

Each of the Readers referenced the importance of Designer X having other designers’ experiences of PMMPs to draw upon. As Designer X put it, ‘[i]f it’s good enough for everyone else - for other designers that I do respect - then I don’t see why it’s not for me.’ It is argued that this context of acceptability has enveloped PMMPs, permitting and facilitating their continued occurrence in this case. The comments from the Strategy Reader were particularly notable on this point:

_The designer immediately refers to the fact that this sort of relationship with a retailer is one that has worked previously in the industry. I see there’s quite an interesting coexistence of the notion of risk, experimentation, novelty and counter orthodox action with a notion that, well, this isn’t actually a silly risk because smarter people than me or more experienced designers than me have entered into this. So there’s some, there is some evidence that this is not crazy risk, so there’s a sort of mimicry element that’s part of it and that’s classic in business._

Among the first designers to create a collection for a mass-market retailer were the iconic Karl Lagerfeld (for H&M) and the influential Isaac Mizrahi (for Target US) (Menkes 2004; Wilson 2008). The fact that these thought-leaders in the prestige community were the first adopters of the collaboration strategy may have paved the way for other designers. The “acceptability effect” is not, in itself, a motivation for undertaking a prestige / mass-market partnership but it may reduce the uncertainties in the minds of other designers and the collections of Lagerfeld and Mizrahi provide mass-market partners with a beachhead to point to when trying to lure new prestige partners. Certainly, his collaboration with H&M
has not diminished Lagerfeld’s reputation as the undisputed king of fashion. This year, Mizrahi was lured away from Target to revive flagging prestige design house Liz Clairborne (Wilson and Barbaro 2008). As goes Lagerfeld, so goes fashion. But his strong showing with Karl Lagerfeld for H&M has not been common to all prestige partners. Moreover, nor does the prestige partner have any guarantee of repeated success upon entering the partnership.

As with counter-orthodoxy, acceptability of PMMPs is a trajectory that will likely reach a peak and then fall away. Imitation of entrepreneurial activities can legitimate an opportunity (Schumpeter 1942; Shane and Venkataraman 2000; Eckhardt and Shane 2003). That appears to have happened in this case as PMMPs, while not widespread, are becoming more common. That window of legitimacy is narrow, however. Imitation generates competition that exhausts the advantage to the point where the incentive to act no longer exists (Schumpeter 1942; Shane and Venkataraman 2000). The opportunity half-life is likely to be extended by the limited opportunities for imitation; there are relatively few mass-market partners with which to collaborate (Shane and Venkataraman 2000). PMMPs are an example of an opportunity in which few parties have the requisite knowledge to copy the exploitation of that opportunity despite its demonstration (Zucker, Darby et al. 1998). Still, fashion is fickle and it is very possible that momentum will shift away from prestige partnerships as it shifted away from licensing in the 1990s and intensive distribution in the 2000s (Thomas 2007). For now, however, the tenuous balance of between a context of counter-orthodoxy and a context of acceptability remain important factors in explaining the rise of this unique phenomenon within this unique industry.
5.3 DISCUSSION: THE EMPEROR’S NEW CLOTHES

The dominant paradigms of branding, strategy and organisational behaviour have limited explanatory power in relation to PMMPs. By contrast, the entrepreneurial opportunism literature is able to elegantly capture the diverse range of motivations that might lead a designer towards a PMMP, and the interaction of those motivations with one another.

As such, these two schools of thought provide a promising basis for further research on PMMPs. The framework below integrates these two new approaches into a model for understanding the prestige drivers in undertaking PMMPs.

Figure 4: A PCDO model of PMMPs

Sahlman (1996) argues that the critical considerations preceding any entrepreneurial venture are captured by the PCDO framework – people, context, deal and opportunity.
Successful ventures achieve a dynamic fit between these elements, consistently adapting as needs change. Based on Sahlman’s (1996) model, the framework is proposed as a tool to capture the drivers underlying a PMMP on the prestige side. It has been designed to capture both the opportunity-specific drivers, as suggested by entrepreneurial opportunism literature, and the interaction between those opportunities and the surrounding context, in line with a structuration approach. The model is interactive, rather than causal or linear. Importantly, this framework places the entrepreneur-designer at the centre of analysis.

5.4 CONCLUSION: DATING THE ENEMY

This thesis has considered whether the traditional discourses of strategy, branding and organizational behaviour could account for the surprising and novel phenomenon of one-off, co-branded collaborations between prestige fashion designers and mass-market retailers. Following a literature review of those three fields in Part I, it was found that those discourses: 1) could [not?] satisfactorily answer for the structures, strategies and motivations on the mass-market retailer’s side, and 2) could not satisfactorily capture the structure, strategies and motivations that would move a prestige partner towards a PMMP.

Part II of this thesis developed a research strategy that would be able to simultaneously explore that disconnect and the theoretical and methodological frameworks that could account for the incentives of the prestige partner. The research strategy therefore focused on the discourses of these three schools of thought as applied to a narrative of a PMMP. This study has found that the theoretical approaches of strategic management, branding and organizational behaviour have some explanatory power in relation to PMMPs. In particular, they help to articulate a variety of justifications and rationalizations for a
prestige partner to undertake a PMMP. These justifications are likely to provide some
decision criteria to practitioners when contemplating a PMMP. These accounts however
are insufficient to capture the rich complexity of the partnership. To account for this
complexity, the theories of entrepreneurial opportunism were introduced and found to
have considerable explanatory power. Framing a PMMP as an opportunity for the prestige
partner; that is, the creation of a beginning rather than the achievement of an end, allows
the various opportunity events – business, creative, personal and learning to be clearly
delineated.
Chapter 6: Contributions, Limitations and Areas for Further Research

This chapter appraises the contributions of this thesis to theory, methodology and practice, reviews and assesses its limitations and discusses some areas for further research.

6.1 Contributions

This thesis investigated both an increasingly prominent form of inter-firm collaboration. It scrutinized that phenomenon through a variety of theoretical lenses, ultimately introducing new bodies of theory to accompany, complement and offset the traditional accounts. This section summarises the thesis’ contributions to theory, practice and methodology.

6.1.1 Contributions to theory

This thesis set out to improve theoretical understanding of a seemingly paradoxical, but increasingly popular, phenomenon within the retail fashion industry – the prestige / mass-market partnership. A review of the relevant literature revealed that, in isolation, the branding, strategy and alliance formation theories were unable to account for how and why these PMMPs take place. By analysing and interpreting alternate discourses based on these three schools, this thesis has provided a structured critique of the dominant paradigms’. It identified implicit assumptions relating to units of analysis, conceptual models of the firm and manager motivations that inhibits theoretical understanding of PMMPs within those schools.
This thesis then set about the task of developing an integrated theoretical framework to account for the prestige-side motivations in undertaking a PMMP. It introduced the literature on entrepreneurial opportunity as an alternative approach to understanding this novel form of partnership. By placing the entrepreneur at the centre of analysis, the thesis was able to appreciate a greater range of motivations than is possible when focusing attention on rational models of the firm. It then applied the structuration from political science to the PMMP phenomenon. In this way, the thesis was able to generate grounded theory about the importance of industry context in permitting and facilitating PMMPs. Finally, this thesis was able to combine these two new theoretical approaches into an integrated model of PMMPs, using Sahlman’s (1996) PCDO model. When PMMPs are studied as an opportunity event for entrepreneurs in the fashion industry, they at last begin to “make sense”.

### 6.1.2 Contributions to practice

This multifaceted study has considerably advanced understanding of an increasingly popular, but little-studied strategic choice. A number of valuable lessons for practice can be drawn from the findings of this thesis. Those lessons will be of relevance to designers and mass-market retailers contemplating a PMMP, academics, as well as other practitioners. In particular, one important take-away for all participants and stakeholders is that PMMPs can only be understood by prioritising the designer-entrepreneur, rather than the rational firm of theoretical fame, as the key interest to be managed. In that sense, the findings of this thesis could provide guidance for those dealing with designers in PMMP or other partnership negotiations. It has clarified the ambiguity surrounding the structure of PMMPs and division of responsibilities between the parties. In addition, given that this thesis has identified the opportunity to grow the prestige business through increased cash
flow, this study should provide some guidance to designers contemplating various strategic choices. The use of alternate templates also has some useful applications for practice. This approach has provided a variety of rationales for and against undertaking a PMMP and placed them in a context where they can be appraised against one another. Finally, the PCDO model as applied to PMMP

6.1.3 Contributions to methodology

As noted in Chapters 2 and 3, grappling with the complexity and intricacy of PMMPs demanded a particularly thoughtful methodological approach. It further showcased the way in which a hermeneutic phenomenological methodology is well-adapted to investigating with a prima facie nonsensical strategy. This thesis combined two complementary qualitative research strategies in order to expand the exploratory range of the thesis. Using Narrative Strategy in Stage 1 placed the designer-entrepreneur at the centre of analysis. Using that narrative as the data set for the Alternative Templates strategy in Stage 2 meant that the study not only expanded conceptual understanding of the phenomenon under investigation, but was simultaneously able to probe why traditional discourses struggled to grapple with the phenomenon. In recent years, there has been a call for increased narrative and alternate templates research in entrepreneurship studies, underwritten by the imperative to more clearly hear the voice of the entrepreneur within the academy (Gartner 2007). This research has answered that call. It has further provided an example of how combining complementary qualitative research strategies within one project can improve the accuracy, simplicity and generality of the whole.
6.2 LIMITATIONS OF THE RESEARCH PROJECT

Like any study, this research project is limited in its scope and its approach. By and large, however, efforts have been made to mitigate these risks through careful research design. Despite this, the perceptions of the author and the bias of the respondents will have implications for any interpretive study. These implications, and the manner in which they have been controlled for throughout this study, are considered below. This is followed by a discussion of the way in which the principle of generalisability interacts with the single case used in this study.

6.2.1 The impact of the author’s perceptions

Interpretive studies necessarily carry with them the risk of author bias, both overt and hidden (Chinn 2003). While not strictly a limitation, in such studies authors inevitably bring their own inferences and perceptions to bear on the phenomena under study. In this instance, the risk of author bias has been mitigated in a number of ways. First, the construction of the case narrative had an interpretive phenomenological study, which emphasizes the generation of meaning through a focus on specific events. Second, the use of independent, expert readings of the case has mitigated the risk of the author’s perceptions overwhelming the study. Finally, the use of tape recording, transcription and the opportunity for participants to review their remarks were all strategies used to minimize the risk of a recording bias (Bloor and Wood 2006).

6.2.2 The risk of respondent bias

Respondent bias was also a risk to be considered in this study. Passage of time, the fallibility of memory or a respondent’s unwillingness to probe certain topics or desire to provide post hoc rationalization for a decision can also inhibit the researcher’s ability to gather a comprehensive account (Bloor and Wood 2006). In Stage 1 of the research, this risk was mitigated by asking similar questions in relation to specific events in a variety of
ways and cross-referencing the designer’s narrative with publicly available data on PMMPs. However, in narrative research, there is a much value in allowing an interviewee to tell their story in the way that is most meaningful to them and to share that story in as authentic a form as possible (Chase 1995; Gartner 2007). That opportunity was created within this research strategy and it is submitted that it may prove a useful tool in future case study research. In Stage 2 of the research, participants brought with them the biases of their disciplinary grounding and experience. Rather than the risk of those biases overwhelming the study, each of those distinct voices was separated into distinct templates. In this way, it was possible to gauge which of those orientations was most useful in understanding PMMPs. By purposefully and explicitly drawing in those influences, the research agenda employed in this thesis was not only able to mitigate the risk of bias to a significant extent, but also to turn those biases into an advantage.

### 6.2.3 Using single cases to create generalisable theory

This thesis has used the single case to build grounded theory. While the single case is a powerful theory-building tool (Dyer and Wilkins 1991), the generalisability of the findings remains to be tested. There is a significant amount of heterogeneity amongst both mass-market retailers (Abecassis-Moedas 2007) and prestige partners (Bruce 2007). Mass-market retailers differ with regard to their product mix, target customers and pricing and differentiation strategies. Prestige firms, as Chapter 2 discusses, vary in size, product and their approach to fashion and luxury. This study focused on a case where the designer also exerted a significant amount of control over both the business and creative side of the prestige firm. Given that this business model is common in prestige and boutique fashion, (Marsh 2003) and that this thesis has found that PMMPs follow a broadly similar partnership structure, it is expected that the findings would be common across other
PMMPs. Indeed, that broad similarity with prior PMMPs conducted by Retailer Y was cited by Designer X as providing her with confidence in entering the partnership. ‘If it’s good enough for everyone else - for other designers that I do respect - then I don’t see why it’s not for me’. Moreover, the use of multiple voices in Stage 2 of the research was an effective means of setting this single case in a wider context. Further research to test the generalisability of the findings is encouraged. Some suggestions for further research are outlined below.

6.3 AREAS FOR FUTURE RESEARCH

As noted in Chapters 1 and 2, the current strategic environment for prestige brands is complex and in almost-constant flux. This thesis was undertaken with that complexity in mind and future research should seek to do so as well. For the sake of brevity, a number of elements relevant to the structure of PMMPs have not been considered in this thesis. In addition, a number of other issues emerged during the process of research that were peripheral to the research question under examination. These issues are highlighted below.

6.3.1 Expanded stakeholder analysis: The role of mentors, advisors and brokers

First, this thesis identified the complex structure, strategies and motivations underlying PMMPs. In doing so, this study focused on the role of the designer as a creative entrepreneur within a PMMP. In future studies, there is room to expand the circle of analysis to include a wider range of participants and stakeholders. In particular, one element identified by the designer, but not taken up in this study was the role of mentors and industry brokers in bringing about PMMPs. Designer X observed that ‘mentor pitched me to Retailer Y. She’s quite special because she actually has mentored quite a lot of
influential people in the industry. She went to an agency and the agency looks after Retailer Y – that’s their client. The collaboration would have been pitched to Retailer Y’. Further examination of the role of these brokers and mentors, particularly during the preliminary phases of a PMMP may add an additional layer of understanding to the complexity surrounding PMMPs and their embeddedness as a strategic choice within the prestige fashion industry.

6.3.2 Opportunities for theoretical development

The impact of ownership structures

One further line of future inquiry would consist of an investigation into the impact that ownership structures have on the decision to undertake a PMMP. In order to contain this study to a manageable size, the case chosen was one where the business and creative control over the prestige brand was vested in a single person – the designer-entrepreneur. As noted in Chapter 2, the prestige goods market is becoming increasingly consolidated. Some analysis of the pressure brought to bear by parent companies on designers to undertake PMMP may shed light on additional motivations unrelated to this study. Given that this thesis has emphasised the concept of personhood as central to understanding PMMPs, it would offer additional, though highly specific insights, to review instances in which firms and individuals as units of power come into contact and perhaps conflict.

The impact on the mass-market partner

This study also chose not to direct undue focus to the mass-market partner, except in relation to the prestige partner. This was because, as concluded in Chapter 2, the motivations for a mass-market partner undertaking a PMMP were already satisfactorily answered by the existing literature. That said, this thesis has identified a number of
possible areas for future investigation relating to the mass-market partner. Despite the seeming advantages of a PMMP from the mass-market side, one major question for investigation on this side is whether collaborations with prestige brands produces customer confusion or, within the firm, a dilution of strategic focus, particularly where the mass-market partner has traditionally sought to be seen as the low-cost provider. This is, however, a question principally related to the internal dynamics of the mass-market firm.

From motivations to a study of bargaining processes

Fourth, this study has focused on drivers and motivations for undertaking a PMMP. The natural next stage of analysis is an evaluation of the negotiation processes that give birth to a PMMP. In her narrative, Designer X expresses some surprise about the flexibility provided to her by Retailer X.

Retailer Y left it as an open brief. I didn’t expect them to do that. I had to go through a sampling process and make sure everything was right with the production company that were taking care of it. But -- it was all pretty flexible, it was really up to me to sort of mark out my parameters as to how much I was willing to do with it.

Some analysis of the asymmetries and distribution of bargaining power within PMMPs may provide useful guidance for practice and also move the focus of research from motivations to the relationship and interaction between the mass-market and prestige partners.

6.3.5 The phenomenon in context: An encompassing study of PMMPs

Finally, PMMPs are still a relatively novel phenomenon. While this study has investigated the motivations for participants inside PMMPs, there will ultimately be room for a more global study as to the impact of the phenomenon. That study is not timely in this phase of
the phenomenon’s life cycle, but if and when PMMPs reach some kind of zenith, such a study should prove fruitful.

6.4 CONCLUSION

This thesis has considerably advanced the literature on an increasingly prominent strategic choice for prestige firms. It has untangled a number of the paradoxical elements in the phenomenon of PMMPs. In so doing, this study explicitly focused on the most knotty element of the problem – the driver for a designer entering into a PMMP. In homing in on that core, it was therefore necessary to leave some elements unconsidered. This focused study produced a schema of motivations for designers entering a PMMP, which has considerably clarified the complex, multi-faceted motivations at play. The generalisability of the findings remains to be tested, and that testing is an invitation for more expansive studies of PMMP. This thesis has also laid the groundwork for a number of promising avenues for further research on related issues. This study has considerably enhanced and clarified understanding of a little-studied, novel, often paradoxical phenomenon. It is expected that further research will continue to do the same.
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