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Abstract

While it is commonly assumed that turbulent times divert consumers from seemingly frivolous concerns like brands and consumption, research paradoxically reveals that well-established brands can act as pillars of stability during periods of uncertainty, providing a sense of familiarity and trust. Expanding upon this paradox, we aim to draw from existing literature to demonstrate that the marketing efforts of established brands not only assist individuals in navigating through uncertainty but also direct attention towards fundamental societal issues that often tend to be overlooked in tumultuous times.

Keywords: Branding, Crisis, Sustainability

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Introduction

Throughout history, Europe has been no stranger to turbulent times, as its recent past has been marked by political upheaval, economic crises, and social unrest. Most recently, the 21st century has seen Europe grappling with crises such as the 2015 refugee crisis, the COVID-19 pandemic, and the resurgence of geopolitical conflict escalation (Wernli et al., 2023). Against this backdrop of uncertainty and volatility, Europe finds itself navigating complex geopolitical dynamics, economic uncertainties, and social transformations. In times of uncertainty and turbulence, established brands, defined as those that have built a clear notoriety and confidence within consumers' minds (Muthukrishnan et al. 2009), can play a crucial role. For instance, during World War II, GM and Ford converted their factories to produce tanks, projectiles, and bombers. Closer to us, during the Covid-19 crisis, many brands participated in the fight against the pandemic. For instance, the sports equipment brand Bauer paused its production to manufacture essential equipment such as face shields for healthcare professionals, the clothing brands Gap and Zara engaged in the production of masks and medical gowns, and the distillery Pur Vodka produced hand sanitizer. Similarly, Playmobil used its own plastics expertise to launch the first reusable Playmobil Nose and Mouth Mask to fight against the pandemic, and the fashion company H&M repurposed its supply chain to produce face masks for health-care workers around the world.However, the role of established brands goes even further than merely building essential equipment. This paper reviews past research findings to show how this role is enacted through different processes: consumers' trust and reassurance, market stabilization, innovation and adaptation, contribution to CSR policies, and political stances. We specifically insist on the role of luxury brands and the way they can become symbols of resilience and prestige, contributors to heritage preservation, supporters of philanthropic actions, and actors of soft power. Doing so, we aim to shed light on the role of brands in society in general, outside their commonly studied role within markets.

The role of established brands in turbulent times

Contributors to consumer confidence and ontological security

Crises and turbulent times generate high levels of perceived insecurity, prompted by economic, environmental, or professional threats, alongside the restructuring of core social institutions. This generates levels of ontological insecurity, defined as the inability from an individual to reach a sense of continuity regarding the events in one's life (Campbell et al., 2020). In that context, some established brands have earned consumer trust through decades of delivering consistent quality and value, enabling them to build strong relationships with consumers (Smit et al., 2007). In cases where consumers have created deep and strong connections and attachment with brands, the latter can become an important factor of gratification, self-insurance, and even sense-making over the meaning of life (Tian & Belk, 2006). Indeed, consumer culture research shows that individuals desire a good also for its symbolic capacity to enable the expression of social status or to construct and maintain self-identity. Therefore, during challenging times, established brands can serve as beacons of stability, as consumers feel the need to gravitate around familiar objects and symbols they trust. This confidence acts as a psychological buffer against uncertainty, empowering consumers to make purchasing decisions with greater certainty and conviction.

Market Stabilizers

Whether in the form of changes in competitive intensity, market disruptions, or technological discontinuity (Chung & Low, 2017), environmental turbulence increases the rate and unpredictability of market changes in a firm's external environment. Established brands have earned a stronger resistance to market turbulence, stemming from factors such as superior consumer loyalty, clearer differentiation, innovative agility, or value chain superiority (Rego et al., 2022). While emerging brands may struggle to gain traction amidst uncertainty, established brands leverage their reputation, resources, connection with consumers, and institutional knowledge to maintain their competitive edge. Therefore, the presence of established brands in a national or regional market can help stabilize economic systems in contexts of turbulence by providing a sense of predictability and order. By maintaining a steady flow of goods and services, established brands prevent market volatility from spiraling out of control, thus mitigating the impact of economic shocks and ensuring the continued functioning of essential industries.

Innovators and adopters

Turbulent times, although presenting severe survival risks for many economic actors, can also present substantial opportunities for innovation. Indeed, in difficult times, brands have to demonstrate their resilience by attempting to adapt to new market conditions or create new opportunities (Eggers, 2020). In these cases, they need to reinvent themselves to meet evolving market situations and disrupted consumer needs. Whether through product diversification, digital transformation, or strategic partnerships, established brands leverage their resources and expertise to stay ahead of the curve and remain relevant in dynamic environments. The Covid-19 example is, for instance, representative of the way key actors of higher education were able to innovate through the quick transformation toward digital tools for mass distance learning and interaction.

Contributors to long-term Corporate Social Responsibility policies

Research suggests that a path to overcoming the complexity of social or political crises is through a renewed environmental, economic, and social ecology and a radical change of business conduct (Idowu et al., 2017). Thus, established brands have a unique opportunity to demonstrate their commitment to corporate social responsibility (CSR) and contribute positively to society. Whether through philanthropic initiatives, community outreach programs, or sustainable business practices, these brands leverage their influence and resources to make a meaningful impact on the communities they serve. It is all the more important that states and governments have a tendency to move back from environmental engagements in times of crises, as a (dubious) way of appeasing social tensions. Less sensitive to political changes, companies that have heavily invested in transforming their business models over the long term can contribute to transforming practices permanently (Corral-Verdugo et al., 2009). For instance, during M. Trump's 2016-2020 presidency, which saw the repeal of many sustainability laws, some established brands reinforced their commitment to sustainability and made clear statements in this regard: Patagonia donated to charity the $10M it saved from tax cuts and Starbucks pledged to hire 10,000 refugees in response to changes in immigration policy.

Political Stances

Established brands often wield significant influence within their respective industries and beyond. In turbulent times, this influence extends to shaping market trends, consumer behavior, and public discourse. By taking a proactive stance on key issues, advocating for positive change, and leading by example, established brands can drive collective action, inspire innovation, and catalyze societal resilience (Sibai et al., 2021). For example, Starbucks has demonstrated its commitment to LGBTQIA2+ inclusion through initiatives like inclusive healthcare in the United States and legal support projects in Brazil, alongside its corporate advocacy for marriage equality in the U.S. Similarly, L'Oréal Paris has actively combated street harassment with its global "Stand Up" program, partnering with the NGO Right to Be to train nearly a million individuals across 41 countries on how to intervene safely in harassment situations (the total number of people to be trained being of 1.5 million). These efforts illustrate how established brands can leverage their influence to foster societal change and enhance consumer engagement in public welfare issues.

The specificities of luxury brands in crises

While luxury products may seem associated with frivolous needs, and therefore be perceived as incongruent with the hardships and sacrifices of political and social crises, research shows that luxury brands are particularly well positioned to play a critical role in turbulent times.

Symbols of resilience and prestige

Luxury brands can serve as symbols of resilience, comfort, and stability during times of uncertainty and upheaval. Indeed, individuals may seek comfort and stability in familiar symbols of luxury and refinement. Owning luxury goods can provide a sense of status and security, reaffirming one's identity and social standing. Whether through fashion, beauty, or lifestyle offerings, luxury brands may continue to appeal to consumers who seek stability through indulgence (Rosier, 2011). The lipstick phenomenon is a clear example: in times of hardship, consumers often treat themselves to smaller, more affordable luxuries. This behavior, commonly known as a 'mood boost,' allows for a gratifying escape, providing both self-indulgence and an increase in self-confidence. Therefore, luxury brands can offer psychological comfort and distraction during turbulent times.

Preservation of cultural heritage

Luxury brands often have deep ties to cultural heritage and craftsmanship, which can be particularly valued during turbulent times (Cooper et al., 2015). In conflict-affected regions, luxury brands may play a role in preserving traditional artisanal skills and supporting local communities. By promoting craftsmanship and cultural heritage, luxury brands contribute to the preservation of identity and resilience in the face of adversity.

Humanitarian support and philanthropy

Luxury brands can leverage their resources and influence to support humanitarian efforts during crises (Sipilä et al., 2021). Whether through direct donations, fundraising campaigns, or partnerships with aid organizations, luxury brands can make a meaningful impact on communities affected by difficulties. For instance, in 2022, Kering made a significant donation to the UN Refugee Agency (UNHCR) to support Ukraine. This contribution followed various actions undertaken directly by its Houses to help local communities impacted by the conflict. By demonstrating a commitment to social responsibility and philanthropy, luxury brands can help alleviate suffering and contribute to peacebuilding initiatives. For instance, during the Covid-19 pandemic, luxury brands joined in, with LVMH, Balenciaga, Gucci, and Prada playing a key role in the production of masks for hospitals.

Diplomatic and soft power

Luxury brands can also serve as vehicles for diplomatic and soft power initiatives during conflicts or crises (Rose, 2016). Through cultural exchange programs, international collaborations, and brand ambassadorships, luxury brands can foster dialogue and understanding between nations. Luxury brands can utilize their cultural and commercial influence to support diplomatic and soft power initiatives. For example, French haute couture, historically leveraged as a tool of prestige-based commercial diplomacy, has helped to shape France's international image. Thus, by transcending political boundaries and promoting shared values, luxury brands contribute to building bridges and fostering goodwill. For instance, Tory Burch and the CEO of the eponymous brand, Pierre-Yves Roussel, have pledged a combined $250,000 from personal and company funds to support humanitarian efforts in the Middle East through donations to the International Committee of the Red Cross and the Alliance for Middle East Peace (ALLMEP).

Conclusion

In conclusion, established brands, and especially luxury brands, can play diverse roles in turbulent times. From fostering trust and stability to driving innovation and societal impact, ranging from symbols of prestige and resilience to agents of humanitarian support and cultural preservation, these brands serve as pillars of resilience amidst uncertainty. By leveraging their reputation, resources, influence, and creativity, established brands navigate challenges with assurance, inspiring consumer confidence, market stability, and societal resilience. Additionally, these brands can derive substantive advantages from the fulfilment of this role: it provides them with a competitive advantage even amidst economic downturns or market volatility, and they instil a sense of confidence that encourages consumption and sustains economic activity. Stemming from all this, it seems to us that there is a new research agenda regarding marketing business models and practices, not only for well-established brands but also for those wishing to achieve credibility and notoriety by relying on new consumer sensitivities and expectations.

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