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Between high-tech and high-fashion: How E-Commerce fashion organizations gain moral and pragmatic legitimacy in the fashion field

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ABSTRACT

This paper examines the process by which two types of online fashion organizations, E-Commerce and Social Commerce, achieve moral and pragmatic legitimacy in the institutional field of fashion. Drawing on a three-year participant observation with one of the largest E-Commerce fashion companies and on interviews with executives in other E-Commerce and Social Commerce organizations and with fashion brands in New York and Milan, I observe that E-Commerce and Social Commerce companies engage in a mechanism for gaining legitimacy that involves three components and combines their moral desirability with pragmatic influence. E-Commerce and Social Commerce companies gain moral legitimacy by developing legitimizing narratives that project an alignment between their desired cultural identity and technical skills to fashion companies. E-Commerce and Social Commerce companies then move to achieve pragmatic legitimacy by transforming their moral narratives into codified, acceptable commercial practices. Finally, E-Commerce and Social Commerce companies develop a specific type of pragmatic legitimacy, called influence legitimacy, by developing lobbying tactics engaged with producing long-term impact on the online practices of established fashion companies. The paper concludes with implications for future research on legitimacy using a neo-institutional framework.

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1. Introduction

> "We started out as an incubator of ideas for the transitioning of the culture of fashion companies online. We provide them with a set of tools that allow them to be independent. But, they are not experts in e-commerce and we devise together a strategy for the online world."—CEO, *Digital Moda*, NYC.

On a crisp winter morning in January of 2012, I observed a lively discussion at the New York regional headquarters of *Digital Moda*—an E-Commerce fashion company.[1] In the conference room before me the North American CEO, the Head of Merchandising, the Director of Marketing and the Chief Branding Officer discussed implications from partnering with an online media organization founded by one of the largest media companies in the world. The talk revolved around how this partnership might affect Digital Moda's business partners—established luxury fashion companies. Huddling over the interface, the Head of Merchandising frowned, "curating content to the max, such as presenting merchandise from brands

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that happen to be this or that blogger's favorite, is unlikely to drive recognition or revenue for [us], unless the shopping site that is supposed to sell this curated content also happens to be the site of a well-known brand". The Chief Branding Officer agreed, "This is so overcurated. We don't want to niche-fy all of our brands into one property. This is my biggest concern".

The above discussion at *Digital Moda* is a snippet of data illustrating the legitimacy gained by online fashion organizations in the institutional field of fashion over the past decade. Since 2006, *Digital Moda* has operated the e-commerce design, operations, and aspects of digital communications and marketing, for over two dozen global luxury fashion companies, turning into more than three dozen brands and growing in 2015. Started by individuals with no insider knowledge of the fashion industry, *Digital Moda* and other E-Commerce fashion companies have become accepted as institutional partners by luxury fashion companies, exposing traditional fashion companies and their fashion product to a wider global audience, lower price points, and new economic and aesthetic practices.

There are two types of online fashion organizations that strive for acquiring legitimacy with established fashion companies. E-Commerce fashion companies, like *Digital Moda*, ShopBop.com, and Asos.com, are retail technology organizations that own and develop electronic commerce and marketing technologies to support their operations. E-Commerce fashion companies acquire, promote, and sell branded fashion apparel through an electronic medium and without using any paper documents or maintaining retail stores to display their merchandise. Social Commerce companies, such as Polyvore.com and ShopStyle.com, engage in a form of e-commerce that links consumers with curated fashion product in dedicated online galleries where consumers can create looks, participate in brand contests, and 'click-to-buy' (Khosrow-Pour, 2014: 2354). E-Commerce and Social Commerce fashion companies are involved in collaboration that combines the point of purchase with the point of advertising and introduces a new economic practice, called Co-branded Curation. This new practice combines aesthetics with commercial efficiency. E-Commerce company merchandisers hand-pick branded apparel and link the selected fashion product to originally themed fashion galleries hosted by Social Commerce companies.

Accepting the legitimacy of these new organizations and their creative practices has been a challenge for fashion companies. Aside from creative design, the practices that are considered to be among the most important in the lifetime of a fashion company in this institutional field, are typically in communications and partnerships with retailers and fashion magazines (Bourdieu, 1993; Crane, 1997, 2012a, 2012b; Godart, 2012). The field of fashion works on well documented institutional logics where "cognitive, moral and regulative pressures [. . .] have fundamentally shaped the behavior of organizations" (Lounsbury, 2008: 349). These organizations are established fashion companies and related professional fashion constituencies—retail consultancies, fashion media, large brick-and-mortar retailers, and flagship industry associations (e.g., Flagpole, Altagamma, CFDA). The shared beliefs and behaviors in established luxury fashion companies are characterized by wariness of outsiders (e.g., bloggers, digital consumption), avoidance of revealing explicit commercial relationships with their retail partners, and aversion to technology (Crane, 1997, 2012b; Parkins, 2013; also, see, Pedroni and Volonté, 2014; Van de Peer, 2014).

For the first time in the history of this creative culture industry, E-Commerce and Social Commerce companies with limited formal expertise in merchandising, communications, and retailing and no prior existing ties in the fashion industry have gained responsibility for operating the E-Commerce of established luxury fashion companies, including acquisition, marketing, and selling of branded apparel product. What are the means by which these new organizations achieve legitimacy in the institutional field of fashion?

Organizational research has documented that new organizations suffer from a lack of legitimacy in established industries with both field-level professional constituencies and other important stakeholders, such as consumers, venture capitalists, established companies and stockmarket analysts (DiMaggio, 1988 Zuckerman, 1999). Suchman (1995) has explained the usefulness of two perspectives on studying the process of gaining legitimacy—strategic and institutional. These two perspectives offer criteria for developing two types of legitimacy for new organizations: moral and pragmatic. The institutional perspective maintains that new organizations need to gain cultural support for their actions based on the moral approval of established players; in this case, fashion companies and field-level professional fashion organizations (cf. Meyer and Scott, 1983). The strategic view offers that new organizations attain pragmatic legitimacy by involving their organizations into direct exchange with established constituencies. Suchman (1995: 574) also provides one of the best definitions of legitimacy as "a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions".

In the case of E-Commerce and Social Commerce companies, both moral and pragmatic approaches to achieving legitimacy should be employed. Whereas the technical environment of E-Commerce and Social Commerce companies requires them to "'get the job done"' (Suchman, 1995: 603) by developing efficient practices in E-Commerce, the institutional environment of fashion constituencies and established fashion companies requires new organizations to "'make sense"' (ibid: 604) to established players. Moral legitimacy entails that E-Commerce and Social Commerce companies gain cultural support for their practice from established fashion companies and related professional fashion constituencies. Pragmatic legitimacy involves the development of an "acceptable commercial practice" (Scardaville, 2009: 366). In addition, E-Commerce and Social Commerce companies develop a more specific type of pragmatic legitimacy, called influence legitimacy (Suchman, 1995). This type of pragmatic legitimacy involves the development of culturally acceptable commercial practices that signal to fashion companies an ongoing commitment to ensuring their moral and commercial well-being.

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