

How and when front-line employee diversity impacts luxury brand equity

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Abstract

Diversity and inclusion is an emerging priority in the luxury and fashion industry landscapes. Yet, market reports continue to highlight inadequate progress, with disappointing figures demonstrating a lack of diversity embedment across the organization. Previous research on workplace diversity largely focuses on documenting the positive impact of diversity in boardrooms and top management teams, but largely overlooks the ‘face’ of the company: front-line employees (FLEs). FLEs represent the brand and are crucial in determining the quality of consumer-brand relationships. In three experiments, this research tests a framework explaining how and when a diverse team of FLEs enhances brand equity. Results show that FLE diversity increases brand equity. A serial mediation mechanism explains this effect: diverse FLEs drive perceptions of brand rebelliousness, which in turn increase brand coolness and consequently brand equity. Lastly, results show that, for consumers high in material values, the effect of brand rebelliousness on brand coolness is weaker.

Subject Areas: *Branding, Consumer Behaviour, Retailing, Sales Force*

Track: Social Responsibility & Ethics