

Abercrombie & Fitch: Is It Unethical To Be Exclusive?

Case Study

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FASH 443: Supervision and Management

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4/22/2022

Abercrombie & Fitch is a popular specialty retailer that operates in North America, Europe, the Middle East, and Asia. They currently have more than 860 stores around the world. It is a large company with 34,000 employees and had a revenue of \$3,125,384,000 in 2021 (Plunkett, 2022). For years Abercrombie had the reputation that they only wanted a specific target market to be representing their store. The target market was young, white, and conventionally attractive and these company values were clearly shown through the employees they hired as well as who represented the company, Michael Jeffries. So the question is posed, is it unethical to be exclusive?

Michael Jeffries is the former CEO of Abercrombie & Fitch. He is infamous for his opinions about who the target customer is, but more specifically who the target customer is *not*. Jeffries has been quoted saying that the company will "...try to stay authentic and relevant to our target customer. I really don't care what anyone other than our target customer thinks" (Farfan, 2018). This speaks volumes because although many brands might agree with this, they likely would never outright say it. Although this statement enhances the exclusivity of Abercrombie, it is extremely insensitive because of who the target customer is. Essentially, Jeffries is saying he only cares about young, white, thin, conventionally attractive people and nobody else. As he is a representative for the brand, is it like the brand as a whole is saying this. This is extremely damaging to the trust needed to build a brand-to-consumer relationship. It is these types of statements and thoughts that are commonly attributed to Michael Jeffries. It is easy to find controversial quotes from Jeffries online which is not a good thing in terms of brand reputation. This had major negative impacts on the brand. Managers are a deliberate collection of people brought together to achieve a common goal. Jeffries was hired in 1992 when the company was in need of a revamp. In his first year, he helped the company generate over 50 million dollars in

sales and has continued to increase that number (NASDAQ, 2013). Jeffries definitely helped the company but soon was doing more harm than good.

At a certain point, society began to turn on Abercrombie. As society as a whole became more aware and inclusive people began to realize just how outdated and exclusionary the brand really was. Although it was hard not to know the reputation Abercrombie held in the retail industry, Jeffries's brand representation made it impossible to miss. Stock prices were plummeting in 2013, the same year that investors were concerned about the state of the company (NASDAQ, 2013). Based on previous branding knowledge, it appears that Abercrombie was stuck. The company realized that its current strategies and target market were not sustainable but was not sure of how to begin a rebrand. The rebranding of A&F eventually began when Michael Jeffries retired a year later in 2014 after being CEO for over two decades (Moore, 2017).

If Jeffries had enthusiastically added more sizing to the clothing lines it would have made the impression on the customer that he valued the customer and the company. The brands' clothing lines used to only include sizes XXS - L and pant sizes up to a women's size 10. However, it was very clear what Jeffries valued and that was the "cool kids". Abercrombie & Fitch quickly realized that their target customer had changed and no longer shared the same values as the brand. If they wanted to stay relevant they needed to change. Jeffries being the face of the company was detrimental to them, mostly because of bad publicity.

Although Abercrombie was extremely popular and successful while Jeffries was CEO, this does not justify the actions of the company. Jeffries may have been exhibiting some aspects of an ethical manner such as telling the truth and stressing the organization's values, but the truth-telling and values were harming the company, driving away consumers, and outright

unethical. The values of the brand itself were unethical which means the actions of the company, such as voicing these values, were not justified.

Exclusivity is one of the pillars of branding because it creates another pillar of branding, desire. Although this is a major part of branding, the way that Abercrombie & Fitch was marketing and their company policies around hiring and firing were arguably unethical. It is not unethical to create a brand that revolves around the exclusivity of its products as this has been seen many times over the years. Companies do this through the price points of their goods as well as quantity. For example, a brand may be dropping an expensive, high-end product that will sell out in minutes or even a matter of seconds. However, this greatly differs from the strategies that Abercrombie & Fitch was using. Jeffries even stated “A lot of people don’t belong [in our clothes] and they can’t belong” (Blanchard, 2014). This creates a different kind of exclusivity where the company didn’t even want people who didn’t fit their vision of the “cool kid” wearing their clothes. This “cool kid” was thin, white, and wealthy which makes up a very small percentage of the world’s population.

The nature of Abercrombie’s customer segmentation is exclusionary and this can be very harmful to the age group being targeted. The brand was very popular in American middle and high school settings which are already known to be cliquy. Now that Abercrombie & Fitch has created a logo that was associated with the “cool kids” it almost became a uniform for those who fit in. For those that didn’t fit the very specific look that Abercrombie was targeting, they were considered uncool. In April of 2022, a Netflix documentary was released about former CEO Michael Jeffries and the role he played in running Abercrombie & Fitch. The timing of this documentary is worth noting because it has been almost a decade since Jeffries retired from the CEO position. This shows how long-lasting the effects of his management are. This is still a

relevant topic because people have realized that it is difficult to run a successful brand that is almost solely based on exclusion. The director of the Netflix documentary stated that “This is a story that everyone can locate themselves in... people immediately start talking about their personal experiences with the brand. It cuts quickly into something about identity, about childhood, about fitting in” (Blake, 2022). She was completely right in saying this, fitting in is a major stressor in teens' lives and Abercrombie was negatively impacting that and making it worse. This is similar to Instagram in that there is a certain way to look “cool” and if you don’t show that off on social media then you are automatically uncool. This type of exclusion and stress is detrimental to a young developing teen.

The merchandise assortment at A&F consists of men's and women's clothing as well as a fragrance line and a new activewear line. The expansion into areas like activewear shows that the brand knows its target customer and will create new lines to cater to them. Since the change in CEO from Mark Jeffries to Fran Horowitz the company has rebranded to be inclusive. This rebranding has been successful as their 2021 consumer satisfaction rate is up 1.3% at 79% (Miller, 2021). Their mission statement has completely changed and is now stated very clearly on their website “Today—and every day—we’re leading with purpose, championing inclusivity and creating a sense of belonging” (Abercrombie, N.d.). They specifically state that they are inclusive which is the exact opposite of what the brand used to stand for, exclusivity. It seems like Abercrombie & Fitch has finally aligned with the ethical values that their consumer holds.

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