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# Linking pop-up brand stores to brand experience and word of mouth: The case of luxury retail

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## ABSTRACT

Facing the risk of being perceived as old-fashioned and outdated, luxury brands need to seek novel ways of providing brand experiences while reaching out to both existing and new target groups. This study investigates the effectiveness of pop-up brand stores at addressing this challenge in the context of luxury retail. Analyzing survey data from 345 visitors of two luxury car brand pop-up stores in the US and in the UK, the study finds that pop-up brand stores' hedonic shopping value, store uniqueness, and store atmosphere increase consumers' word of mouth intentions (WOM) towards the brand. Brand experience mediates the effect of these pop-up brand store characteristics on WOM. Finally, while the link between hedonic shopping value and WOM is stronger for low levels of brand familiarity, store uniqueness exerts a stronger effect on WOM in case of high levels of brand familiarity.

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## 1. Introduction

As consumers' demand for memorable experiences continues to grow, creating superior brand experiences is becoming one of the central objectives in contemporary luxury retail (Kim, Ko, Xu, & Han, 2012). While luxury traditionally restricts access to its retail stores in order to create an atmosphere of uniqueness and reverence (Dion & Arnould, 2011), both existing and new target groups are now starting to perceive such a retail strategy as old-fashioned and outdated (Halzack, 2015; Lassus & Freire, 2014). Facing the risk of becoming obsolete in the long run, luxury brands need to find new ways to facilitate consumers' experiences with the brand and reach out to new target groups without diluting the brand for existing customers. In an effort to overcome the resulting positioning challenge, pop-up brand stores are becoming a popular experiential marketing tool in luxury retail, aimed at creating brand experiences and increasing word of mouth (WOM) within existing and new target groups simultaneously.

Pop-up brand stores are temporary stores that seek to offer customers more approachable access to luxury brands and are usually open for only a couple of weeks. They aim to provide consumers with exciting brand experiences via a unique store concept, a pleasant store atmosphere, and by delivering hedonic shopping value. Indeed, a key distinguishing characteristic of pop-up brand stores is their objective: in focusing on experience creation for consumers, the luxury brand's

goal is not to sell products, but rather to stimulate WOM in order to multiply the reach of the brand in existing and new target groups. An illustrative example is the pop-up brand store operated by French luxury brand Hermès in New York City in 2013. The store was only open for four weeks and included a mini-golf course that incorporated different designs by the luxury fashion label (Fitts, 2013).

Given that the purpose of pop-up brand stores contradicts current business practices in luxury retail, marketers cannot directly measure their value or effectiveness by relying on traditional metrics such as within store sales. Instead, to meaningfully assess the attractiveness of this store format, marketers and researchers need to gauge the extent to which pop-up brand stores are able to leverage brand and non-purchase related behavioral outcomes for both existing and new customer target groups. Prior research, however, largely neglects to investigate the potential value of customer experience-based strategies in general (Verhoef et al., 2009), and does not assess the effectiveness of pop-up brand stores in particular (Lassus & Freire, 2014).

The present study seeks to answer three research questions. Are pop-up brand stores effective levers for stimulating positive WOM? What role does brand experience play in the relationship between customers' perception of the pop-up brand store and their WOM? Are pop-up brand stores an effective experiential marketing tool for both existing and new target groups of luxury brands?

## 2. Characteristics of pop-up brand stores

Building on Kozinets et al.'s (2002) definition of flagship stores, this study defines pop-up brand stores as retail environments that carry a

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single brand, are controlled by the brand's manufacturer, and are operated with the intention of reinforcing the brand experience rather than selling products at a profit. Contrary to flagship stores, pop-up brand stores are only temporarily available in a given location, usually for a couple of weeks. Aiming at the creation of WOM instead of focusing on selling the brand's products, pop-up brand stores characteristically offer consumers unique interactions with the brand, for example via design elements, media stations, or interactive games (Fitts, 2013). The focus on creating a superior brand experience and the focus on triggering WOM (rather than on selling a product) differentiates pop-up brand stores from so called flash retailing and seasonal pop-up stores, such as Halloween or Christmas stores.

According to previous research, specific store characteristics are intrinsic to experiential retail in general and pop-up brand stores in particular. Table 1 summarizes this predominantly qualitative research stream, which identifies three primary store characteristics that constitute experiential stores. These are hedonic shopping value, store uniqueness, and store atmosphere. In other words, besides providing consumers with hedonic shopping value—which Babin, Darden, and Griffin (1994) define as the entertainment fun associated with in-store shopping—pop-up brand stores offer an attractive store atmosphere and a unique retail environment. This differentiates pop-up brand stores from regular brand stores (Hollenbeck, Peters, & Zinkhan, 2008; Kozinets et al., 2002). Particularly, pop-up brand stores offer an up-to-date design as well as an inviting and an interactive environment, all of which enables consumers to access the brand more easily compared to traditional luxury retail stores (Lassus & Freire, 2014).

Even though existing research clearly identifies the characteristics of pop-up brand stores, literature remains silent on the impact of these specific features on brand and behavioral outcomes. The role of pop-up brand stores as an experiential marketing tool does not allow a performance assessment in terms of sales outcomes, but rather requires the investigation of effects on pre-economic success factors such as WOM.

### 3. Brand experience in luxury retail

The notion that customer experience drives purchases and the established understanding that marketers must actively manage customers' experiences (Verhoef et al., 2009) dates back to Holbrook and Hirschman's (1982) seminal article on the importance of the experiential aspects of consumption. The retail environment, in particular, needs to go beyond product sales by competing on the basis of memorable experiences with the brand (Grewal, Levy, & Kumar, 2009; Pine & Gilmore, 1998). Consumer interactions with touchpoints such as the brand stores' physical and non-physical elements significantly shape

consumer brand experiences, which Brakus, Schmitt, and Zarantonello (2009) define as the feelings and emotions that are evoked by brand-related stimuli.

Brand experiences play an important role in luxury retail, as they enable luxury brands to connect with their customers on an emotional level, and thus to differentiate themselves from the primarily functional characteristics of value brands (Brakus et al., 2009; Hagtvedt & Patrick, 2009). To sustain this differentiating experience, existing research argues that luxury stores should create an atmosphere of uniqueness and reverence. In particular, the predominant line of thinking advises luxury brands to restrict access to their brand in retail so as not to dilute the brand experience for existing customers (Dion & Arnould, 2011). However, a luxury brand that follows such a retailing strategy risks being perceived as intimidating, and new target groups might even perceive the brand as outdated or even obsolete (Lassus & Freire, 2014). Thus, the challenge facing luxury brands is how to grant new target groups access to the experience of the brand without alienating existing target groups.

### 4. Word of mouth for luxury brands

WOM communications between consumers are increasingly important for brands as they strive to spread their message and to strengthen their image. According to a recent global consumer survey, 83% of consumers claim to trust recommendations from friends and family, while only about 50% trust mass media marketing (Nielsen, 2015). WOM communication plays a particular important role for luxury brands, because activities such as referrals and consumer reporting of positive experiences with a brand increase both the relevance of the brand within target groups and the customers' desire for the brand (Kim & Ko, 2012). As such, the creation of positive WOM is a vital task for luxury brand managers.

Consumers are more likely to engage in WOM activities when they can share fun or novel information and experiences (Berger, 2014). Additionally, consumers' excitement also serves as a driver for WOM activities (Lovett, Peres, & Shachar, 2013). Interestingly, although literature acknowledges the potential of pop-up brand stores to provide consumers with unusual and exciting brand experiences, research linking pop-up brand stores and WOM remains scarce.

### 5. Research hypotheses

To extend existing knowledge on the effectiveness of pop-up brand stores as means of WOM generation, this study seeks to quantify the effects of pop-up brand store characteristics on brand and behavioral outcomes. More precisely, the study analyzes the effectiveness of hedonic

**Table 1**  
Characteristics of experiential retail stores.

Author (year)	Experiential store	Store characteristics			Method	Findings
		Hedonic value	Store uniqueness	Store atmosphere		
Kozinets et al. (2002)	Themed flagship brand store	X	X	X	Qualitative	Experiential stores are unique places that allow for engaging experiences with the brand.
Kozinets et al. (2004)	Themed flagship brand store	X			Qualitative	Consumers are co-creators in a ludic and exciting retail spectacle in which they enact with the brand.
Hollenbeck et al. (2008)	Brand museums	X	X	X	Qualitative	Experiential stores offer an engaging experience with the brand in which consumers feel joy, fun, and excitement.
Borghini et al. (2009)	Themed flagship brand store	(X)	X	X	Qualitative	Experiential stores enable the brand experience and realize the brand's individual value and ideology.
Dolbec and Chebat (2013)	Flagship vs. brand store			X	Quantitative	The store atmosphere positively influences brand outcomes, particularly flagship stores exert a stronger effect than brand stores.
Lassus & Freire (2014)	Pop-up brand store	X	X	X	Qualitative	Pop-up stores offer a ludic and tangible brand experience, while being more approachable than traditional brand stores.

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