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Customer emotions and their triggers in luxury retail: Understanding the effects of customer emotions before and after entering a luxury shop

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ABSTRACT

This research divides customers' on-site luxury shopping experiences into two stages—before and after entering a luxury shop—and then examines the effect of specific customer emotions in each stage. In detail, this study examines the impact of customer emotions before entering the store on their evaluations of in-store service quality, that of customer evaluations of each quality dimension on their in-store emotions, and that of in-store emotions on customer attitudes toward the brand. Further, this research tests the moderating effect of customers' personal attributes such as brand familiarity and shopping motive. Results demonstrate the importance of differentiating and managing customer emotions before and after entering a luxury shop and offer several insights into how to customize luxury customer service efforts to enhance customers' brand attitudes.

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1. Introduction

With its market value reaching USD 223 billion, the luxury fashion market is showing steady and sustainable growth globally (Bain & Company, 2014). This growth has resulted in fierce competition (Kim & Ko, 2012), pushing luxury firms to further increase consumer value (Vigneron & Johnson, 2004). Consequently, the management of the non-goods aspects of a business has gained significance (Wong, Lau, & Lau, 2014). Those aspects are known to enhance customers' perceptions of a brand's exclusivity (Wong et al., 2014), a critical aspect of luxury products from the customer's perspective (Fionda & Moore, 2009). These ideas have grown into a holistic notion of customer retail experience (Atwal & Williams, 2009).

An important element in customers' assessment of shopping experience is the emotions customers feel during shopping, since emotionally charged episodes tend to be memorable (Dasu & Chase, 2010). Hence, the uniqueness of luxury may be reinforced through emotions evoked throughout shopping experiences (Bruce & Kratz, 2007). However, the effect of customer emotions is yet to be empirically examined in the luxury retail context. Given the considerable impact of customer emotions on customer attitudes and behaviors (Peshkova, Urkmez, & Wagner, 2016), luxury firms may benefit from a good understanding of customer emotions throughout shopping experiences.

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The study here bridges the following gaps in the body of research on this topic. First, emotion studies in the retail context have addressed customer emotions in general, but not in the luxury context in particular. Just as values pursued by luxury consumption are unique (Tynan, McKechnie, & Chhuon, 2010), customers' emotional reactions are likely to be unique in the luxury retail context. For example, a highly pursued consumption value in the luxury market is symbolic or expressive value, which satisfies the status- or prestige-seeking needs of customers (Atwal & Williams, 2009; Latter, Phau, & Marchegiani, 2010).

Second, it was mostly the emotions customers feel in the store that received scholarly attention, leaving emotions before entering a shop under-researched. Since the use of luxury products is expected to function as a status signifier (Atwal & Williams, 2009) and the consumption experience of a luxury is strongly congruent on a person's self-concept (Vigneron & Johnson, 2004), customers are likely to experience different emotions as entering a luxury shop by the degree of congruency between their own perceived self-concept and that projected by the brand.

Third, retail customer emotions are yet to be fully examined at a specific emotion level. Emotion studies have focused on classifying customer emotions into various dimensions such as positive versus negative (Laros & Steenkamp, 2005) and the PAD (i.e., pleasure, arousal, and dominance) scale (Mehrabian & Russell, 1974). Others have examined the antecedents and consequences of emotions at the classified group level (Dawson, Bloch, & Ridgway, 1990; Donovan, Rossiter, Marcoolyn, & Nesdale, 1994). However, differences between specific emotions have been suggested as sufficiently valuable to be examined (Mattila & Ro, 2008), and knowledge on specific feelings can lead to a

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greater understanding of the impact of emotions on shopping behaviors and outcomes (Machleit & Eroglu, 2000).

This study distinguishes from extant emotion studies on the following grounds. First, this study focuses on customer emotions in the luxury retail setting. Second, the emotions displayed by customers before entering a luxury shop are examined separately from the emotions evoked in the shop. Third, customer emotions are analyzed at a specific emotion level. Additionally, this study identifies the triggers of customer emotions after entering a luxury shop, and assesses the impact of customer emotions before and after entering a luxury shop on the customer's perceived service quality and attitude toward the brand, respectively. Lastly, this study explores the moderating roles of customers' brand familiarity and shopping motive.

2. Theoretical background and hypotheses development

2.1. Shopping experience and emotion in the luxury retail setting

Together with product design and marketing communication, retail management is a core competency area for luxury firms (Bruce & Kratz, 2007). The importance of retail experience design has rapidly emerged, primarily owing to the demonstrated effect of customer emotions on their attitudes and behaviors (Jones, Reynolds, & Arnold, 2006). Emotional responses are a particularly powerful antecedent to consumers' evaluation of experience and brand attitude for hedonic products (Kempf, 1999). Since luxury brands provide hedonic rewards and sensory fulfillment through high-quality products and services (Vigneron & Johnson, 2004) and help consumers accomplish status-seeking purposes (Atwal & Williams, 2009), luxury shopping is considered to be more hedonic than functional. Emotions are closely linked to customer's attitude toward the luxury brand (Bian & Forsythe, 2012). Thus, luxury firms have to carefully design their customer retail experiences (Bruce & Kratz, 2007). Henceforth, emotion studies are warranted for the luxury retail context.

2.2. Stimulus-organism-response (S-O-R) framework

In the field of environmental psychology, Mehrabian and Russell (1974) suggests that environmental stimuli (S) lead to emotional reaction (O), which, in turn, drives customers' behavioral response (R). According to the S-O-R paradigm, consumers show three emotional states in response to environmental stimuli: pleasure, arousal, and dominance (i.e., the PAD scale). These emotional responses result in two contrasting consumer behaviors: approach or avoidance (Mehrabian & Russell, 1974). Studies in the retail domain that have applied the S-O-R framework showed that while pleasure is a powerful determinant of approach-avoidance behaviors (Donovan et al., 1994), arousal is a major motivation for experientially-oriented consumers (Hirschman & Holbrook, 1982) and is an amplifier of the effect of the positive or negative hedonic tone of consumption experiences (Mano & Oliver, 1993). Dominance, by contrast, is not significant in its effect (Donovan et al., 1994).

Despite the contribution of the S-O-R framework, an issue is raised with its PAD scale, which measures consumers' emotional responses to environmental stimuli on bipolar continuums. For example, Westbrook (1987) criticized the bipolar conceptualization for allowing the joint occurrence of pleasant and unpleasant states and proposed a unipolar view as more suitable. Babin, Darden, and Babin (1998) agree with Westbrook's view by explaining that one can feel negative emotions and positive emotions simultaneously. For these reasons, some studies have adopted a valence emotion scheme (Jang & Namkung, 2009; Yoo, Park, & Macinnis, 1998). However, the unipolar view is also limited in distinguishing emotions of similar valence levels, such as negative emotions of fear and anger, or positive emotions of happiness and contentment (Watson & Spence, 2007).

Another alternative suggested is that customer emotions are examined at an individual level (Mattila & Ro, 2008). Since each emotion has a unique influence on behavioral response, human behaviors depend on the relative efficacy of each emotional state. Hence, knowledge on a specific emotion can lead to a greater understanding of the impact of emotions on customer responses (Machleit & Eroglu, 2000). Accordingly, this study extends the S-O-R framework by adopting the specific emotion approach. Specifically, this study adopts the seven basic emotions proposed by Laros and Steenkamp (2005) and five VIP emotions proposed by Barsky and Nash (2002).

2.3. Customer emotions before entering a luxury shop

2.3.1. Customer evaluation of the shop's service quality

Luxury brands tend to create a strong consumer image (Fionda & Moore, 2009). Thus, luxury store visitors are likely to be emotionally stimulated about the brand even before entering the shop. The emotions evoked by a particular experience become a part of the person's individual knowledge and influence his/her response (Chaudhuri, 2002). According to the affect-as-information model, people perform the evaluative judgment task based on their mood (Mattila & Wirtz, 2000). People tend to make mood-congruent evaluations to maintain their current mood (Gardner, 1985). Consequentially, consumers in a good mood evaluate services more positively than those in a neutral or bad mood (Liljander & Mattsson, 2002). Similar effects can be inferred for customer emotions before entering a luxury shop. For instance, feelings such as joy, happiness, and contentment have salubrious effects on both perception and cognition. Those feelings make sensory inputs seem more pleasant, and thus people become more patient, tolerable, and generous (Izard, 1977). However, people become more impatient (Mischel, Ebbesen, & Raskoff Zeiss, 1972) and egoistic (Moore, Underwood, & Rosenhan, 1973) when feeling sad. Anger causes aggression and self-assurance, while fear makes people withdraw and shame makes people focus only on themselves (Izard, 1977). VIP emotions, meanwhile, affect memorabilia, leading customers to remember positive experiences for a long time (Pullman & Gross, 2003). Thus, customers feeling VIP emotions before entering a shop may perceive service quality more positively than those who

The discussion supports the development of H1.

H1. : The emotions customers feel before entering a luxury shop influence their evaluation of the shop's service quality.

2.3.2. Moderating effect of brand familiarity

Customers' expectation of a service product is shaped and revised by their prior consumption experiences (Licata, Chakraborty, & Krishnan, 2008). Thus, brand familiarity, defined as the accumulated number of product- or service-related experiences (Alba & Hutchinson, 1987), can influence customer responses (Parasuraman, Zeithaml, & Berry, 1988). For example, customer satisfaction and behavioral intentions differ between customers with high and low familiarity (Tam, 2008). Customer tendency to focus on learning about and forming an accurate impression of the brand is much stronger among customers with low brand familiarity (Campbell & Keller, 2003)

Environmental stimuli that form customer experiences are much richer in a luxury retail setting than in a non-luxury retail setting. However, visitors' sensitivity to each visit's experience might decrease as they become familiar with the store and possess their own norm about the performance of the brand (Licata et al., 2008). For customers who are new to the setting, however, in-store experiences trigger various cognitional and emotional stimuli, attenuating the influence of the emotions customers felt before entering the store on the evaluation of the shop's service quality.

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