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.

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, & Lai, 2014). Those aspects are known to enhance customers’ perceptions of a brand’s exclusivity (Wong et al., 2014), a critical aspect of luxury. These ideas have grown into a holistic notion of customer retail experience (Atwal & Williams, 2009), a critical aspect of luxury products from the customer’s perspective (Fionda & Moore, 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.

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, Marcooly, & Nedsale, 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 customers 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 among customers with low brand familiarity (Campbell & Keller, 1987). Can in-store experiences trigger 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). Consequently, 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 do not.

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. 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). Consequently, 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 do not.

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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.
Hence, the discussion supports the development of **H2**.

**H2.** The set of emotions customers feel before entering a luxury shop that influences the customer evaluation of the shop’s service quality differs by the level of the customer’s brand familiarity. Specifically, a more diverse set of emotions influences the customer evaluation of service quality for customers with high brand familiarity.

### 2.3.3. Moderating effect of shopping motives

Shopping motives can be classified largely into three types: purchase, browse, or a combination of the two. Customers with a purchase motive tend to enjoy the pursuit of self-presentation (Vigneron & Johnson, 2004) and consider the very action of entering a luxury shop as a demonstration of their high social status. Customers without a purchase purpose, however, might feel uncomfortable or embarrassed because events surrounding the purchase might convey undesirable information about them to others in the store, such as not having the necessary economic power (Dahl, Manchanda, & Argo, 2001). According to the goal relevance theory, among the various stimuli that one receives, the most central are those relevant to one’s goal. Hence, when emotions are closely related to the goal, customers capture attention and are better processed and memorized (Levine & Edelstein, 2009). With luxury shopping, the aims of receiving special services and feeling prestige are likely to be stronger for customers with a purchase motive, since they are ready to spend money and are more involved in the shopping process. Hence, among the emotions felt before entering the shop, the impact of VIP emotions is stronger for customers with a purchase motive.

The discussion supports the development of **H3**.

**H3.** The set of emotions customers feel before entering a luxury shop that influences the customer evaluation of the shop’s service quality differs by the customer’s shopping motive. Specifically, VIP emotions are more influential on service quality evaluations by customers with a purchase motive.

### 2.4. Customer emotions after entering a luxury shop

#### 2.4.1. Perceived service quality in a luxury shop

Perceived service quality composed of five dimensions (i.e., personal interaction, physical aspect, policy, problem solving, and reliability) is an antecedent of diverse types of consumer emotions (Taylor, 2000). Different dimensions are likely to influence different emotions. For example, the physical aspect of a luxury shop such as fancy interior and convenient store layout can make customers feel that they are special, important, or privileged (Pullman & Gross, 2003). When the personal interaction dimensions such as assurance, empathy, and responsiveness (Dabholkar, Thorpe, & Rentz, 1996) meet customer expectations, the confirmation of expectancy could evoke pleasurable emotions such as happiness and contentment (Hou, Wu, & Hu, 2013). When quality expectations are not met, customers can feel restrained and angry (Izard, 1977). The disconfirmed expectation can also cause shame (Izard, 1977). According to the appraisal theory, emotions are determined by a combination of diverse cognitive appraisals of events and thus specific emotions should not be combined into one broad emotional factor (Roseman, 1996).

The discussion supports the development of **H4**.

**H4.** The emotions customers feel in a luxury store are influenced by their perception of the store’s service quality. Specifically, different emotions are triggered by a different set of service quality dimensions.

#### 2.4.2. Moderating effect of brand familiarity

Studies of customer shopping experience using the S-O-R framework have regarded personal traits or person-environment relationships as moderating the impact of environmental stimuli on customers’ internal responses (Fiore & Kim, 2007). Familiarity was shown as a primary personal factor influencing internal responses (Zajonc & Markus, 1982). As explained in the section on H2, consumers with low brand familiarity are more likely to be influenced by the stimuli in store. In other words, customer evaluations of the same level of service are likely to differ by their brand familiarity level (Tam, 2008). Hence, the level of customer sensitivity to different dimensions of service quality will vary by the brand familiarity level. Those with low familiarity tend to respond to stimuli more sensitively (Campbell & Keller, 2003).

The discussion supports the development of **H5**.

**H5.** The set of service quality dimensions that influences the customer emotions felt in a luxury store differs by the level of the customer’s brand familiarity. Specifically, a more diverse set of quality dimensions influences in-store emotions for customers with low brand familiarity.

#### 2.4.3. Moderating effect of shopping motives

Another personal trait proposed as moderating effect of a stimulus on an organism is shopping motives (Fiore & Kim, 2007). The impacts of shopping motives on consumer emotions (Dawson et al., 1990) and perceived service quality (McCabe, Rosenbaum, & Yurchisin, 2007) are deep demonstrated. Customers with different shopping motives tend to focus on different aspects of service (Dawson et al., 1990) and thus evaluate a given quality dimension differently. Among service quality dimensions, reliability matters the most across diverse settings (Parasuraman et al., 1988), while the aesthetic element is the most appreciated in the luxury experience (Atwal & Williams, 2009). For customers without a purchase motive, interaction dimensions such as empathy matter most since they pursue experiential shopping goals (Wilburn, 2007). For customers with a purchase motive, the problem-solving dimension is likely to matter.

The discussion supports the development of **H6**.

**H6.** The set of service quality dimensions that influences the customer emotions felt in a luxury store differs by the customer’s shopping motive. Specifically, the effect of the personal interaction dimension is stronger for customers without a purchase motive, while the effect of the problem-solving dimension is stronger for customers with a purchase motive.

#### 2.4.4. Brand attitude

The influence of a customer’s affective state on his/her brand attitude has been well examined (Dawson et al., 1990). According to the affect-as-information model, a person’s emotion and mood can serve as a criterion to evaluate and judge a given situation (Chaudhuri, 2002; Gardner, 1985; Mattila & Wirtz, 2000). Thus, the emotions customers feel in a luxury store may influence their evaluation of the brand and their attitude toward the brand.

The strength of the effect of emotion on customer responses can vary by the type of emotion. Specific emotions tend to exert a direct effect on a customer’s behavioral responses (Laros & Steenkamp, 2005). Studies have empirically shown that different emotions have different effects on customer’s evaluation and reaction (Mattila & Ro, 2008; Shaver, Schwartz, Kirson, & O’Connor, 1987). Overall, positive emotions have salubrious effects on both customer cognition and perception, while negative emotions have the opposite effect. However, the effect can differ at each specific emotion level. A positive emotion such as pride can have a different mechanism from that of happiness. Since pride relates to ego enhancement and gives credit to oneself (Izard, 1977). Pride may not positively influence brand attitude. Among negative emotions, anger tends to relate to energized actions and spills over to satisfaction (Mattila & Ro, 2008), while fear and sadness tend to lead to withdrawal (Shaver et al., 1987). VIP emotions such as feeling important, privileged,
and sophisticated affect memorabilia, generating approach behaviors such as word-of-mouth (Pullman & Gross, 2003). Hence, customers feeling VIP emotions may show more positive brand attitude.

The discussion supports the development of H7.

H7. : The effect of a customer emotion felt in a luxury store on brand attitude varies at each emotion level.

2.4.5. Moderating effect of brand familiarity

As explained in the section on H2, brand familiarity influences customers’ internal responses. High brand familiarity was shown to weaken the effect of emotion on customers’ attitudes toward the brand (Machleit & Wilson, 1988). That is, emotions are less likely to affect the brand attitude of a customer with high brand familiarity. Meanwhile, for customers with low brand familiarity who have insufficient memories to refer to, emotions act as important information for developing a particular attitude (Machleit & Wilson, 1988).

The moderating role of brand familiarity on the effect of emotion on brand attitude can vary by the product type (Bennett, Härtel, & McColl-Kennedy, 2005). In the context of purchasing a high-risk and high-involvement product or service, the role is larger in a low experience context (Kim, Lim, & Bhargava, 1998). In the opposite context, the role is reversed (Bennett et al., 2005). In other words, when purchasing a high-risk and high-involvement product, customers tend to contemplate the first transaction and then rely gradually less on cognition and are influenced more by emotions as customers gain more experience with the product. Given the high price, luxury products are considered to be high-risk and high-involvement products.

The discussion supports the development of H8.

H8. : The set of specific in-store emotions that influences brand attitude differs by the level of the customer’s brand familiarity. Specifically, a more diverse set of emotions influences the brand attitude of customers with high brand familiarity.

2.4.6. Moderating effect of shopping motives

Shopping motives influence not only the primary internal responses of customers to shopping such as satisfaction and arousal (Dawson et al., 1990) but also evaluative and attitudinal responses such as time/money spent and revisit intention (Jin & Kim, 2003; Ryu, 2011). Customers revisit a store only if the store helps them achieve their shopping goal (Dawson et al., 1990; Jin & Kim, 2003). Thus, the impact of emotion on customers’ brand attitudes may also differ by their shopping motives. Customers with a purchase motive have a utilitarian orientation, while customers with a browsing motive have a hedonic or recreational orientation (Dawson et al., 1990; Jin & Kim, 2003). Therefore, customers with a browsing motive seek hedonic values, while customers with a purchase motive seek utilitarian values (Jones et al., 2006). Accordingly, the effect of emotion can be stronger for customers with a browsing (Hirschman & Holbrook, 1982). In the luxury shopping context, however, customers with a purchase motive also pursue hedonic value. Further, they seek prestige. The premium price they are willing to pay is not just for a high-quality product but also for a high-prestige experience. As mentioned previously for H3, VIP emotions receive more attention and are better processed by customers with a purchase motive since customers are closely related to the goal of those customers (Levine & Edelstein, 2009). The same may occur with the effect of in-store emotions on brand attitude.

The discussion supports the development of H9.

H9. : The set of specific in-store emotions that influences brand attitude differs by the customer’s shopping motive. Specifically, VIP emotions are more influential on brand attitude for customers with a purchase motive.

All nine hypothesized relationships appear in Fig. 1.

3. Methods

3.1. Data collection

New luxury markets such as Russia, China, the Middle East, and South America have become important recently (Bruce & Kratz, 2007). The data of this study were collected in Korea, another new and growing luxury market. In 2014, Asia accounted for 29% of the worldwide personal luxury goods market by region and Asians accounted for 51% of the market by consumer nationality. In particular, Seoul was ranked as the sixth largest luxury market city in the world (Bain & Company, 2014). Hence, the findings of this study should help luxury brand managers better understand the fast growing Asian market.

Data were collected from December 10, 2014 until January 1, 2015. A total of 1047 shoppers were approached and 372 participated in the study (i.e., response rate of 35%). Respondents were mostly women (81%), 39 years old on average, with an average monthly household income of approximately 9000 dollars.

A self-administered survey was conducted among visitors to luxury shops in a leading duty-free complex in Seoul. These shops were chosen, instead of shops in a department store or stand-alone shops, for a higher diversity in visitors’ profile. A diverse respondent base ensures the capture of diverse customer emotions.

To minimize the disturbance to store operations, the survey was administered in a customer lounge located in the complex. Survey administrators approached shoppers resting in the lounge by asking shoppers whether they had visited any of the major luxury shops in the complex. Once shoppers answered in the affirmative and agreed to participate in the study, they were given a list of major luxury shops in the complex and were asked to mark the first shop they visited. Only shoppers who marked a store on the list were asked to proceed further and think of their experiences with their first visited shop. This was to ensure that the emotions respondents felt before visiting the first shop would be free of the effects of the emotions evoked by visits to other shops.

The questionnaire contained questions about the emotions the respondent felt before and after entering the shop. Tsai and Huang (2002) showed that customers are able to recall the mood they felt before entering a shop even though the questionnaire was administered after shopping and that customers were able to distinguish between their mood before entering the shop and after entering the shop. However, responses about the emotions felt in one stage can influence the responses about the emotions of other stages. To control for such an influence, respondents were asked to first check the emotions they felt before entering the store and mark the strength of each emotion, and then repeat the same process for the emotions they felt after entering the store. By answering the questionnaire in two steps, respondents were better able to psychologically separate the emotions of the two stages.

The questionnaire took approximately 10 min to complete. After excluding responses reporting no emotion felt either before or after entering the shop and incomplete responses, the survey obtained 298 valid responses (80% valid response rate).

3.2. Measures

As specific customer emotions, the basic emotions proposed by Laros and Steenkamp (2005) and VIP emotions suggested by Barsky and Nash (2002) were adopted. Laros and Steenkamp (2005) constructed a comprehensive hierarchical model of consumer emotions stimulated by marketing stimuli, products, and brands. Seven out of the eight proposed emotions were adopted: contentment, happiness, and pride as positive emotions and anger, fear, sadness, and shame as negative emotions. Love was excluded since it is regarded as an interpersonal emotion (Storm & Storm, 1987) experienced in the sentimental context (Richins, 1997). Additionally adopted were five VIP emotions:
comfortable, important, pampered, privileged, and sophisticated. These emotions have been proposed to measure customer emotions in the luxury hotel context. To avoid the item context bias (Wainer & Kiely, 1987), the order of emotion items listed on the questionnaire was randomized.

To measure customer perceptions of service quality, the retail service quality scale (RSQS) proposed by Dabholkar et al. (1996), a reconstruction of the SERVQUAL scale of Parasuraman et al. (1988) to fit the retail context, was adopted. Of the 28 items proposed, four were eliminated due to their inapplicability to our study: quality related to phone interactions, product exchanges, parking, and the shop’s own credit card.

Shopping motives were classified into three types: to purchase, to browse, or both (Machleit & Eroglu, 2000). Brand familiarity was measured through the items proposed by Batra, Ramaswamy, Alden, Steenkamp, and Ramachander (2000). To measure brand attitude, the five-item scale proposed by Yoo and Donthu (2001) was used. To ensure the accuracy of the translation, the forward and backward translation method was used for all measures (Sperber, Devellis, & Boehlecke, 1994). All items were measured on seven-point Likert scales.

4. Results

4.1. Validity, reliability, and common method bias

As a result of the factor analysis of RSQS items, one personal interaction item and two physical aspect items were eliminated owing to standardized regression weights below 0.50, and one policy item was disregarded owing to a high modification index. The final model fit is acceptable (Chi-sq. = 1083.20, df = 554, TLI = 0.91, CFI = 0.92, RMSEA = 0.06, GFI = 0.84, AGFI = 0.81), with Cronbach’s alpha values all above 0.80 and composite reliability values all above 0.60. All factors show AVE values over 0.50, demonstrating convergent validity. The inter-construct correlation is lower than the minimum of their square rooted AVEs, confirming discriminant validity.

To check for the respondent’s distinction between his/her emotions before and after entering the shop, the mean of the former emotion with that of the latter emotion for each specific emotion item were compared. The difference was significant (p < 0.01) for all specific emotion items, demonstrating the validity of the measures (Tsai & Huang, 2002). To check for potential common method bias, Harman’s single-factor test was conducted. The result of the single-factor-constrained EFA with 24 emotion items (12 items in each stage) showed that a single factor accounted for 33% of the total variance, demonstrating no existence of serious common method bias (Podsakoff & Organ, 1986).

4.2. Hypothesis tests for the effect of customer emotions before entering a luxury shop on the customer’s evaluation of the shop’s service quality

H1 was tested through a multiple regression analysis. Overall service quality perception was measured as the mean of all service quality perception items. The model is significant (F = 5.98, p < 0.01). Three emotions show a significant effect on service quality: sophisticated (β = 0.20), comfortable (β = 0.19), and anger (β = −0.17) (p < 0.05 for all). Hence, H1 is accepted, but only partially.

To test H2, the sample was divided into high (n = 153) and low (n = 145) brand familiarity groups by the median (median = 5.5). Then, the multiple regression analysis used to test H1 was run separately for each group. Because of the high number of independent variables in the regression model, this approach should be more appropriate than including interaction terms in the regression model. The models are significant for both groups (F = 5.39, p < 0.01 for the high; F = 2.01, p < 0.05 for the low). In the high group, the effects of six emotions are significant: sophisticated (β = 0.26), comfortable (β = 0.24), privileged (β = 0.24), pride (β = −0.21), shame (β = −0.19), and anger (β = −0.16) (p < 0.05 for all). However, no emotion has a significant effect in the low group. Given the difference in the findings between the two groups, H2 is accepted.

To test H3, the sample was again divided into two groups: one with a browsing-only purpose (n = 112) and the other with a purchasing purpose (responses with a check mark on purchase only or both; n = 186).
The multiple regression analysis used to test H1 was run separately for each group. The models are significant for both the browsing-only group (F = 4.05, p < 0.01) and the purchasing group (F = 3.04, p = 0.01). For the browsing-only group, happiness (β = 0.26) and anger (β = −0.27) show a significant effect (p < 0.05 for all). For the purchasing group, comfortable (β = 0.26), sophisticated (β = 0.29), and anger (β = −0.16) demonstrate significant effects (p < 0.05 for all). Given the different sets of influential emotions between the two groups, H3 is accepted.

4.3. Hypothesis tests for the effect of the retail service quality (RSQ) dimensions on customer emotions after entering a luxury shop

H4 was examined by regressing the RSQ dimensions on each emotion separately. The models are not significant for fear, pride, sadness, and shame (p > 0.05). Of the five RSQ dimensions, only three, namely reliability, physical aspect, and problem solving, are influential (p < 0.05). Sophisticated and privileged are influenced by reliability (β = 0.21, β = 0.29) and physical aspect (β = 0.24, β = 0.23). Happiness and contentment are influenced by reliability (β = 0.34, β = 0.18), while important is by physical aspect (β = 0.22) and comfortable is by problem solving (β = 0.19) (p < 0.05 for all). Hence, H4 is supported.

H5 was tested by using the same procedures adopted to test H2. In the high brand familiarity group, the model is significant for happiness, privileged, and sophisticated (p < 0.05 for all). Happiness is influenced by reliability (β = 0.34). Privileged is influenced by physical aspect (β = 0.26) and reliability (β = 0.24). Sophisticated is influenced by physical aspect (β = 0.24) and reliability (β = 0.25) (p < 0.05 for all). In the low brand familiarity group, the model is significant for anger, comfortable, contentment, happiness, important, and sophisticated (p < 0.05 for all). Of the five RSQ dimensions, all except problem solving influenced some emotions. Anger is influenced by physical aspect (β = −0.20), reliability (β = 0.26), and personal interaction (β = −0.41). Happiness is influenced by reliability (β = 0.28), personal interaction (β = 0.35), and policy (β = −0.24). Important is influenced by physical aspect (β = 0.20) and reliability (β = 0.31). Sophisticated is influenced by physical aspect (β = 0.26), while comfortable is by reliability (β = 0.29) (p < 0.05 for all). In summary, for customers with high brand familiarity, two out of five dimensions (i.e., physical aspect and reliability) influence in-store emotions, while four out of five dimensions (i.e., personal interaction, physical aspect, policy, and reliability) do for customers with low brand familiarity. Thus, H5 is accepted.

H6 was tested by using the same procedures adopted to test H3. When browsing is the only motive, the model is significant for happiness, privileged, sophisticated, and contentment (p < 0.05 for all). Privileged is influenced by physical aspect (β = 0.34) and reliability (β = 0.31). While sophisticated is influenced by physical aspect (β = 0.35), happiness is by reliability (β = 0.37) and contentment is by personal interaction (β = 0.40) (p < 0.05 for all). When purchase is either the primary motive or part of the motive, the models are significant (p < 0.05) for comfortable, happiness, important, privileged, and sophisticated. Privileged is influenced by physical aspect (β = 0.16) and reliability (β = 0.26). While happiness and sophisticated are influenced by reliability (β = 0.38, β = 0.28), important is by physical aspect (β = 0.22) and comfortable is by problem solving (β = 0.26) (p < 0.05 for all). In summary, the personal interaction dimension is influential only on emotions of customers with no purchase motive, while the problem-solving dimension influenced only emotions of customers with a purchase motive. Thus, H6 is accepted.

4.4. Hypothesis tests for the effect of customer emotions after entering a luxury shop on brand attitude

To test H7, emotions are regressed on brand attitude. The model is significant (F = 4.71, p < 0.01). Four emotions show a significant effect: privileged (β = 0.26), anger (β = −0.22), happiness (β = 0.21), and pride (β = −0.16) (p < 0.05 for all). Therefore, H7 is partially accepted.

H8 and H9 are tested by using the same procedures adopted to test H5 and H6. The models are significant for both familiarity groups (F = 3.17 for the high; F = 1.94 for the low; p < 0.05 for both). For the high brand familiarity group, the effect of privileged (β = 0.40), important (β = −0.29), and happiness (β = 0.25) is significant (p < 0.05 for all). For the low brand familiarity group, anger (β = −0.29, p < 0.01) is the only emotion with a significant effect. In summary, the set of emotions that influence brand attitude is more diverse for customers with high brand familiarity. Thus, H8 is supported.

The regression models are significant for both motive groups (F = 4.02 for the browsing-only purpose; F = 3.17 for the purchasing purpose; p < 0.01 for both). For the browsing-only group, the effects of anger (β = −0.39), happiness (β = 0.24), and pride (β = −0.21) are significant (p < 0.05 for all). For the group with a purchase intention, privileged (β = 0.36, p < 0.05) is the only emotion that was influential. In summary, the set of emotions that influence brand attitude differs by the shopping motive, and it is only with the customers with a purchase motive whose brand attitude is influenced by a VIP emotion. Thus, H9 is supported. Figs. 2-4 depict the outcomes of all nine hypotheses.

5. Discussion and implications

5.1. Discussion

This study examined the impact of specific customer emotions before and after entering a luxury shop on customer evaluations of service quality and attitudes toward the brand, respectively. Specifically, this study examined (1) the effect of the emotions customers felt before entering a luxury shop on customer perceptions of service quality, (2) which service quality dimensions influenced which customer emotions felt after entering a luxury shop, (3) which emotions a customer felt after entering a luxury shop influenced customers’ attitudes toward the brand, and (4) the moderating effect of customers’ personal attributes such as brand familiarity and shopping motive on each of the three effects.

The findings on emotions before entering a luxury shop are as follows. Even before experiencing the products and services inside a luxury store, customers feel diverse emotions, and some of them influence their perceptions of service quality in the store. Furthermore, which emotions are influential depends on the level of brand familiarity and shopping motive. In terms of brand familiarity, emotions before entering the shop influence quality perceptions only for customers with high brand familiarity. The influenced emotions are anger, comfortable, pride, privileged, shame, and sophisticated. In terms of shopping motives, feelings of happiness and anger are influential for browsing-only customers, while feelings of anger, comfortable, and sophisticated are influential for customers with a purchase motive. In other words, customers with a purchase motive are more influenced by VIP emotions (i.e., comfortable and sophisticated), while customers without a purchase motive are not. This finding implies that luxury store managers should be aware that customer emotions that matter differ by the customer’s brand familiarity and shopping motive, and therefore should customize their approaches to manage customer emotions.

Among the diverse emotions, anger is the most influential followed by happiness, comfortable, and sophisticated. Anger has been shown to be the strongest emotion for causing aggression and activation (Izard, 1977). Therefore, it is important that luxury brand managers identify which factors trigger customer anger before entering a luxury shop and develop strategies to eliminate or reduce it.

The findings on customer emotions after entering a luxury shop are as follows. These emotions are influenced by the RSQ dimensions, and which emotions are influenced by which set of RSQ dimensions is contingent on customers’ characteristics. Furthermore, these emotions influence brand attitude, and which set of in-store emotions are
influential is contingent on the two customer characteristics. With regard to brand familiarity, a more diverse set of emotions influence brand attitude for customers with high brand familiarity, while a more diverse set of the RSQ dimensions influence in-store emotions for customers with low brand familiarity. For customers with high brand familiarity, emotions of happiness, important, and privileged influence brand attitude, and these emotions are influenced by the RSQ dimensions of physical aspect (on privileged and important) and reliability (on happiness, important, and privileged). For customers with low brand familiarity, only anger is influential and is influenced by physical aspect, reliability, and personal interaction.

With regard to shopping motives, the set of emotions that influence brand attitude and the set of the RSQ dimensions that trigger those emotions are different. VIP emotions influence the brand attitudes of only customers with a purchase motive. For customers with purchasing purpose, feeling privileged influences brand attitude, and is influenced by physical aspect and reliability. For those with a browsing-only purpose, three emotions (i.e., pride, anger, and happiness) are influential. Happiness is influenced by reliability. However, the other two emotions (i.e., pride and anger) are not influenced by any of the RSQ dimensions. It is worth noting that these two important in-store emotions are unaffected by service quality. In addition, the effect of the personal interaction dimension is shown to be stronger for customers without a purchase motive, while the effect of the problem-solving dimension is stronger for customers with a purchase motive, as proposed in H6. However, the emotions evoked by each quality dimension (i.e., contentment triggered by personal interaction for the browsing-only group, comfortable triggered by problem solving for the purchasing group) do not show a significant effect on brand attitude.

The impact of specific in-store emotions on brand attitude also shows some interesting findings. First, the influence of anger on brand attitude is significant only for customers with low brand familiarity or those with a browsing-only purpose. This finding means that anger is an emotion felt by customers who are new to the brand or who do not intend to purchase a product during the visit. Store staff should be

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Fig. 2. Hypothesis test results on main effects.

Fig. 3. Hypothesis test results on the moderating effects of brand familiarity.

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conscious of this fact and endeavor to not trigger anger for customers of these types.

Second, two positive emotions, pride and feeling important, has a negative impact on brand attitude for customers with a browsing-only purpose and with high brand familiarity, respectively. Given that luxury customers pursue a status-signifying value from luxury shopping (Atwal & Williams, 2009; Latter et al., 2010), the more proud and important customers feel, the less status-signifying value they may perceive from a particular luxury brand, and as a result, they may have a less favorable brand attitude. This finding suggests that luxury brand managers need to devise service strategies to lower the pride and sense of importance for customers of these two types. Further, given the cultural characteristics of the market studied in this research, the negative effect of pride and feeling important could have been magnified. As Asian culture is more collectivistic, customers in the Asian market may place a greater weight on the social value of luxury such prestige (Wiedmann, Hennigs, & Siebels, 2007). Further, because of greater power distance in this culture (Hofstede, Hofstede, & Minkov, 1991), customers might be more sensitive to power issues. However, this issue should not be considered to be entirely region-specific. Also, Asian customers' consumption of luxury is not limited to the Asian region (Bain & Company, 2014) and is rapidly spreading globally.

Third, feeling privileged is another emotion that influenced brand attitude. This effect, too, could have been amplified because of the characteristics of the sample. Since Asian customers tend to make conspicuous consumption (Bruce & Kratz, 2007) and consider the social value of luxury to be important (Wiedmann et al., 2007), the degree of feeling privileged in a luxury store can significantly influence customer attitudes toward the brand.

There are additional interesting findings on the triggers (i.e., RSQ dimensions) of in-store emotions influencing brand attitude, depending on customer attributes. First, reliability influence the most number of emotions in all four groups and physical aspect is influential in all but the group with a browsing-only purpose. This result corresponds with prior knowledge about the SERVQUAL dimensions (i.e., reliability is the most important dimension) (Parasuraman et al., 1988) and the aesthetic nature of luxury experience (Atwal & Williams, 2009). Luxury brands try hard to create a trendy and deluxe look in store. This study provides empirical evidence of the importance of managing the physical aspects of a luxury shop.

Second, personal interaction affects anger only in the low brand familiarity group. The impact of the personal interaction dimension on anger is negative and quite strong ($\beta = -0.41$). The exclusive and pricy image of luxury brands tends to create a first-entrance barrier (Radon, 2012), such as feelings of fear and anxiety, particularly for customers with low brand familiarity (Roseman, 1996). Anger might be an emotional status extended from fear and anxiety. These findings suggest that desirable customer interactions with service personnel could reduce customer anger. Hence, luxury brand managers should devise a service strategy particularly focused on enhancing service staff's personal interactions with customers with low brand familiarity.

5.2. Academic implications

This study makes several academic contributions. First, this study extends the scope of research in the luxury retail field. While existing studies have concentrated on customer values gained through luxury goods consumption (Vickers & Renand, 2003), this study focused on customer emotions to emphasize the importance of managing emotions in luxury retail service management. Second, while prior research on emotion in general has demonstrated the importance of the specific emotion approach compared with the valence-based approach (Mattila & Ro, 2008), few emotion-related researchers in the retail or luxury settings have adopted the specific emotion approach. This study contributes to emotion research in the luxury setting by taking this specific emotion approach. Third, while confirming the findings of previous emotion-related studies in the retail context such as Donovan et al. (1994) and Yoo et al. (1998) that in-store atmosphere affects customer emotions, this study extends these studies by finding that customer characteristics moderate such an impact. Fourth, while existing studies have focused on consumer emotions in the store (Dawson et al., 1990; Yoo et al., 1998), this study extends these studies by examining customer emotions before entering the store. Lastly, present study examines the influence of specific dimensions of service quality on customer emotions and suggests that different sets of service quality dimensions influence different emotions, thus providing explicit guidelines on managing customer emotions in the luxury retail setting.

5.3. Managerial implications

This study offers several implications to luxury retail managers. First, managing customers’ emotions before entering a luxury shop is important. Luxury firms try hard to improve customer perceptions of service quality. The result of the current study shows that these emotions
influence quality perceptions. Therefore, as luxury firms communicate with their existing and potential customers, luxury firms have to be conscious of the impact of the communication content and methods on customer emotions. Second, the set of the emotions felt before entering a luxury shop that influence service quality perceptions differ by customer characteristics such as brand familiarity and shopping motive. Therefore, luxury firms should customize the design and delivery of their communication messages for the target customer group. Third, the customer emotions felt after entering a luxury shop influence brand attitude. The set of influential emotions, however, differed by the customer's brand familiarity and shopping motive. Therefore, management should devise and execute customized customer service approaches to stimulate the right set of specific emotions in the desired direction for different segments of customers. Fourth, different sets of the RQ dimensions influence different customer emotions after entering a luxury shop. The set of influential dimensions differ by the two customer attributes. Since customer perceptions of service quality affect customer reactions, management should devise customized ways in which to enhance customer perceptions of the RQ dimensions that influence the targeted segments of customers.

6. Limitations and future study directions

The findings of this study should be interpreted with caution because of the following limitations. First, this study considers only luxury retail consumers in Korea. Study results can be different for consumers from different cultures. Previous studies have shown that customers from different cultural backgrounds differ in their luxury purchase behaviors (Park & Reisinger, 2009), perception of luxury and necessity (Stanhof & Lee, 2011), and luxury value perception (Wiedmann et al., 2007). Hence, similar studies in different cultural settings are needed. Second, the sample of the study was dominated by women (81%). Although luxury fashion consumption is typically dominated by women (Jung & Shen, 2011), consumers’ beliefs about luxury can differ by gender (Kim & Lee, 2015). Therefore, future studies could address emotion issues specific to male luxury consumers. Third, the study required responses on the same set of emotions twice—the emotions felt before and after entering the shop—from the same respondent. Although this study validated that the responses of each set of emotions are distinct, respondents could have had difficulty in accurately recalling the emotions. Future studies could devise and use a method to capture these emotions more precisely. Fourth, this study collected data from the customers of luxury stores located in a shopping complex. These stores could have different characteristics from stand-alone stores such as boutiques and flagships stores in terms of exterior and interior design, product variety, and customer experience design. Thus, the customer emotions felt before and after entering a luxury store might differ depending on store type. Future studies should incorporate diverse types of luxury stores.

References


