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# The Consumer Psychology of Brands and Experiences in the Changing Retail Landscape

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# **The Consumer Psychology of Brands and Experiences in the Changing Retail Landscape**

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## **Introduction**

This dissertation examines the relationships between brand experiences and retail settings from a consumer's viewpoint. This dissertation seeks to investigate to what extent integrated experiences between brand manufacturers and retailers are needed and which degree of integrated experiences, retail environments, and multiple touch points of the brand or a lack thereof actually improves or deteriorates consumer buying intentions. It argues that brand manufacturers and retailers should embrace a holistic approach to magnify consumer responses to brands and shopping environments. An investigation of these issues is important because consumers holistically perceive the brands and the environments, and consequently behave. This dissertation adopts qualitative and quantitative methods. In-depth interviews with consumers capture the essence of brand experiences in retail environments. Experiments, which play a major role in consumer research, test the relationships between brand and retail variables. Experiments also allow to control any extraneous variables from affecting the results.

This dissertation comprises three research articles, which correspond to one conceptual, one qualitative, and one quantitative research. Each article is tied to the former through its theoretical findings and future research avenues. Specifically, each conceptual model contributes to establish a further step in the understanding of brand experiences and retail settings, and clearly enlightens unsolved questions. The central thesis of this dissertation focuses on the enhancement of shopping experiences across multiple channels and through effective brand strategies. Recent marketing literature revealed that the consumption experience plays a crucial role in the evolving retail environment. Researchers showed the great benefits and key challenges of creating compelling experiences in brand manufactures and retailers' contexts. Yet, still little is known about the interaction of brand and retail strategies that enable to manage optimal consumer responses in a holistic perspective. By providing an overview of the existing marketing and psychology literature related to customer experience management, the author sheds light on the present understanding of the relationship between brand features and retail settings across diverse consumption environments. Central to this dissertation is the formulation of an integrated approach that takes varied perspectives on marketing management and enables the creation of holistic experiences. Across the three articles, the aim of the dissertation is to understand when and

how marketing activities can effectively strengthen consumer's relationship with actors at both ends of the marketing supply chain, which are brand manufacturers and retailers.

The first article "Brand Experiences, Retail Scenarios, and Brand Images in Hedonic Consumption" provides a review of the main issues related to brand management and customer experience management in a co-creation perspective. The objective of the article is to present an explanation to successful – and unsuccessful – brand experiences across various brand contexts, and enable brand manufacturers and retailers to view the experience process with a more holistic and harmonious approach. Further, the author discusses what has been learned, from an academic perspective, in the study of customer experience management and brand management, as well as what gaps still exist. This article is in press for "Buckley C., & Vecchi A. (Eds), Handbook of Research on Global Fashion Management and Merchandising. Hershey, PA: IGI Global".

In the second research article "An empirical investigation of luxury brand images: The interplay of traditional luxury brand factors with experiential factors across multiple retail contexts", the author adopts a store atmospherics approach to examine the interaction between consumer experiences and luxury brand cues in various retail settings. The focus on luxury brand management mirrors the emerging theme of luxury brand experiences as a strategic marketing tool in the hedonic consumption context. The aim of the article is to understand how various retail settings influence emotional states, which, in turn, affect behavior toward luxury brands. Utilizing two qualitative studies, the author considers the interaction between luxury brand experiences and store atmospherics. The paper concludes with relevant implications for academics and practitioners to enable new perspectives on luxury brand strategies, and consumer response to the luxury brand image in the challenging retail landscape. This research has been largely conducted during the author's visiting at the Vienna University of Economics and Business. It is under revision at "Mercati e Competitività".

The third article "Brand aesthetic design and contextual cues: The role of (in)congruent brand-retail settings on consumer purchase intentions" focuses on brand aesthetics and retail settings. The objective of the article is the systematical investigation of when, why, and how consumers integrate brand aesthetic cues and retail settings and what behavioral consumption responses are influenced by consumers' processing cues. Two quantitative studies demonstrate that the interaction between aesthetic design and contextual cues can significantly alter the manner in which consumers respond to the consumption environment.

This article offers relevant guidelines for managers who are willing to craft optimal solutions across the overall consumption environment. The author has been learned the appropriate method to develop this research at the Saïd Business School, University of Oxford, where she spent six months. This article will be submitted to “Psychology & Marketing”.

Together the articles provide evidence that in today’s market landscape the synergy between brand strategies and customer experiences plays a fundamental role for the success of marketing activities. Each article suggests available solutions to marketing managers and fruitful insights to academics.

# **Brand Experiences, Retail Scenarios, and Brand Images in Hedonic Consumption**

## **Abstract**

Postmodern consumers experience brands within numerous in-store and out-of-store contexts, and they tend to focus on their holistic experience with the brands across various retail scenarios. In a hedonic brand context, the interaction of multiple retail environments greatly affects consumer behavior towards the brands. The objective of this research is to provide a review of the main issues related to brand management and customer experience management in a co-creation perspective. By overviewing the literature on brand management, retailing, and consumer behavior, the authors provide relevant insights for academics and practitioners to arrive at more comprehensive understanding of the brand experience and brand image.

*Keywords:* brand experience, brand image, co-creation of value, customer experience, experiential marketing, multichannel retailing

## **Introduction**

Although creating superior customer experience seems to be one of the central objectives of today's retail environments, brand experience management has only emerged as a top management priority in the last decade (Interbrand, 2014; Meyer and Schwager, 2007; MSI, 2014-2016; Verhoef et al., 2009). A number of factors have contributed to this trend, but perhaps the most important one is the growing realization that one of the most valuable activities through which firms can enhance customer value is the coordination of multiple experiences across each point of contact between the customer and the brand. In a hedonic brand context, where the shopping experience is a significant motivator for purchases, the interaction of multiple retail experiences greatly affects consumer behavior towards the brands (Dhar and Wertenbroch, 2000). Accordingly, brand experiences are created at both ends of the marketing supply chain, namely brand manufacturers and retailers, that deal with diverse retail strategies and contexts. As will be outlined below, the consistency of brand experiences across different retailers and within diverse retail settings can induce consumers

to generate holistic responses and other positive shopping behaviors. Consequently, practitioners and academics have argued that the creation of compelling shopping experiences across multiple environments, and along and beyond, the entire path-to-purchase is a key challenge for maintaining and reinforcing a certain brand image (Ganesan et al., 2009; Shankar et al., 2011). Driven in part by this intense industry interest, academic researchers have developed fruitful areas for more comprehensive and holistic approaches to customer experience management, generating new perspectives on the integration between branding and retailing principles.

The purpose of this study is to review and provide some context for and interpretation of this endeavor. The goal is to highlight what has been learned, from an academic perspective, in the process of studying customer experience management and brand management, as well as what gaps still exist. Although emphasis is placed on research published in the last decade, previous noteworthy studies are discussed. More specifically, we concentrate on the interaction between shopping experiences, hedonic consumption, and contemporary retail scenarios, and we integrate the marketing and the consumer's perspective on consumption experiences. The objective of this research is to present an explanation of successful – and unsuccessful – brand experiences across various brand contexts, and to enable brand manufacturers and retailers to view the experience process from a more holistic and harmonious perspective. The authors of the current will conceptually explore the meaning of brand experience in controlled and less-controlled retail settings, and discuss consumer responses to brand and retail strategies from a co-creation viewpoint.

We begin by reviewing the fundamentals of experiential marketing in terms of some conceptual foundations and value co-creation issues. Next, we examine customer experience fundamentals and present the marketing perspective as well as the consumer's sphere of the experience. Third, we discuss branding and retailing challenges in today's business landscape and focus on consumer relationships with brands and the pivotal role of retailers. Fourth, we conceptualize brand image as well as the retail issues in the formation of brand images. Fifth, we discuss the integration of the two perspectives and suggest how optimal brand strategies can emerge in hedonic consumption. Finally, the chapter concludes by offering some summary observations and identifying relevant implications for academics and practitioners to form new perspectives on brands in the challenging retail landscape.

## **Experiential Marketing Foundations**

Before considering how brand experience has been conceptualized in the marketing literature, it is useful to first define what experiential marketing is. The experiential perspective of consumption experiences originates from Holbrook and Hirschmann (1982), who proposed the hedonic approach to consumer behavior. In their pioneering work, experiential consumption includes the flow of fantasies, feelings and fun in which consumer's processes are sub-conscious and private in nature. That is, while consumers may frequently make rational choices during the decision-making process, they are just as frequently driven by emotions because consumption experiences involve contexts, aesthetics, emotions, and symbolic aspects.

A key contribution to experiential marketing comes from the work of Pine and Gilmore (1999) and Schmitt (1999). According to the former, experiential marketing is about taking the essence of a product and amplifying it into a set of tangible, physical and interactive experiences that reinforce the offer. This concept embraces what Pine and Gilmore (1998) call the emerging experience economy, where companies realize the full benefits of designing engaging experiences. The authors stress the challenges of the transition from selling services to selling experiences. Such a transition is a progression of economic value, where businesses upgrade their offerings to the next stage of what Pine and Gilmore identify as the four-stage experience model. In the emerging experience economy, companies shift from a level of undifferentiated competence and market price, where they "extract commodities," progress to the stage of "making goods," and "deliver services," to reach a level of differentiated competition and premium price, where they "stage experiences." The progression is not easier for companies to undertake, as they need to enter into the process of staging experiences, as occurs at the fourth stage, "when a company intentionally uses services as the stage, and goods as props, to engage individual customers in a way that creates a memorable event" (Pine and Gilmore, 1998, p. 98). In this path of building processes to support the customer experience, the experience is not a nebulous and abstract construct; it is real as offering any service, good, or commodity. However, experiences are as distinct from services as services are from goods. Most importantly, while commodities, goods, and services remain outside the consumer's control, experiences are inherently personal. Experiences occur "within any individual who has been engaged on an emotional, physical, intellectual, or even spiritual



level” (Pine and Gilmore, 1999, p. 12). Thus, experiences are especially influential in marketing as they encompass the consumer’s emotional sphere in the economic processes of value.

Great importance on the foundations of experiential marketing has been placed in the work of Schmitt (1997, 1999). Arguing that consumers are rational and emotional human beings who are concerned with achieving pleasurable experiences, Schmitt discusses how experiential marketing differs from traditional marketing, which, in contrast, views consumers as rational decision-makers who care about functional features and benefits. Schmitt offers especially significant contributions to the brand experiential marketing approach by defining the superficial out of profundity (SOOP) model of branding of customer experiences (1997), and the strategic experiential modules (SEMs) (1999). The SOOP model outlines three types of experiential brands – “sense,” “feel,” and “think” brands – based on the primary type of appeal that they present and the type of experience they target. Schmitt argues that companies can strengthen the relationship between the brand and the consumer by enhancing sensory stimulation, emotional binds, or creative rewards. This approach recognizes four key ways in which experiential marketing differs from traditional marketing: “focusing on consumer experiences, treating consumption as a holistic experience, recognizing both the rational and emotional drivers of consumption, and using eclectic methodologies” (Schmitt, 1999, p. 60). Further, Schmitt proposes five types of sensory experiences (which he calls “SEMs”) that managers can use to create different types of customer experiences for their customers. Within these strategic experiential modules, the sense experience involves aesthetic and sensory perceptions, the feel experience comprises moods and emotions, the think experience comprises creative and cognitive thinking, the act experience refers to physical and behavioral actions, and the relate experience results from social experiences.

Experiential marketing essentially describes marketing initiatives that give consumers in-depth, tangible experiences in order to provide them with sufficient information to make a purchase decision, while providing concrete and emotional cues that affirm the nature of the experience. It should be acknowledge that in more recent years experiential marketing has evolved to a more dynamic and co-creative approach, which involves consumers in the process of defining and creating value for the experience. This contemporary viewpoint looks at branding and brands through the lens of co-creation and customer experiences (Payne et al., 2009). In co-creation processes, companies and customers come together in interactions and

through experiences to create value in different spatial and temporal settings (Grönroos and Voima, 2013). One of the key foundational propositions of this approach is the customer as “the co-creator of value,” where the brand becomes the experience (Vargo and Lusch, 2004). That is, consumers actively participate and interact with companies and perceive their experience through holistic brand value. It is important to acknowledge that an increasing amount of research has embedded holistic approaches, and re-focused attention on the customer perspective. With these new perspectives in mind, we turn to the topics of conceptualizing the customer experience.

### **Customer Experience Fundamentals**

The creation of coordinated and unique experiences across multiple retail contexts is a key issue in interactions with consumers (Ganesan et al., 2009; Ind et al., 2013; Payne et al., 2008). Specifically, consumers seek out a different experience when browsing Instagram, accessing e-commerce sites, or visiting a store, all the while aiming to finding a consistent brand image along the entire path-to-purchase. For example, the two giants of shopping online, Amazon and eBay, have opened physical stores and pop-up stores with the aim of enhancing customers’ experiences and coordinating brand messages. The expansion from “clicks to bricks” and vice versa underscores the pivotal issue of creating successful brands through the consistency of brand images across various retail environments. A key way to reach consumers with consistent brand images is to provide unique and coherent customer experiences across the multiple touch points of the brand. Retailers and brand manufacturers should aim at providing strong brand experiences within the overall in-store environment and the brand context, as consumers need to perceive the same brand image regardless of whether they are experiencing direct or indirect channels of consumption. Recent research on consumer behavior has argued that a key goal for both brand manufacturers and retailers is to leverage customer experiences during various stages of the consumer’s decision-making process (Puccinelli et al. 2009). To create a rich understanding of customer experience management and design innovative retail business models capable of leveraging customer experiences, it is fundamental to understand the conceptualization of the customer experience. In the field of contemporary marketing, customer experience has been defined as a construct which “encompasses the total experience and may involve multiple retail channels” (Verhoef

et al., 2009, p. 32). It includes the search, purchase, consumption, and after-sale phases of the experience. Other research views the customer experience as a strictly personal process, and discusses how the customer experience involves the customer “at different levels (rational, emotional, sensorial, physical, and spiritual)” (Gentile et al., 2007, p. 397). A critical aim of the customer experience design is to enhance consumer perceptions of value through the use of effective processes of total customer experience management (Berry et al., 2002). These processes comprehend companies’ need to understand how consistent stimuli can shape sensory, affective, intellectual, and behavioral experiences (Verhoef and Lemon, 2013). Following these arguments, retailers and brand manufacturers must develop consistent experiences and leverage brand-consumer relationships within physical retail environments as well across physical and digital channels. The ultimate goal is to enhance the entire shopping experience in today’s multichannel environment. Hence, in-store and off-store retail experiences with the brand must be congruent with the brand image communicated by brand manufacturers and retailers.

### ***The Marketing Perspective***

From a marketing perspective, consumers that develop deep emotional relationships with a brand tend to have a lot of positive and strong associations (Yoo et al., 2000), such as the perception of the brand uniqueness and inimitability, and loyalty to the brand. Gentile et al. (2007) highlighted that the construct of customer experience is holistic in nature and “originates from a set of interactions between a customer and a product, a company, or part of its organization, which provokes a reaction” (Gentile et al., 2007 p. 397). In other words, consistent with the co-creation approach, the customer experience embraces the relationship between the company and the consumer. Research has argued, similar to this conceptualization, customer experience concerns an “internal and subjective response that customers have to any direct or indirect contact with a company” (Meyer and Schwager, 2007, p.118). However, despite this narrow relationship between the customer experience and retail environments, researchers have yet to address the meaning of the interaction between customer experience, hedonic consumption of brands, and retail environments. Hedonic products, which are experience products in nature, carry the challenge of conveying consistent and emotionally engaging experiences while communicating an image of quality, style, and

authenticity (Atwal and Williams, 2009). More specifically, in a holistic brand perspective, the conceptualization of customer experience discloses the key role of brands in delivering the same brand image across each connection between the consumer and the brand. To design innovative brand strategies in the modern business landscape, holistic approaches must embrace the marketing and the consumer's perspective.

### *The Consumer's Perspective*

Among the various characteristics of the hedonic consumption of brands, consumers are willing to pursue fashion products as these products provide psychological benefits rather than functional benefits (Kapferer, 1997). Consistent with recent research (McFerran et al., 2014), consumers associate hedonic brands with style, quality, and pride. This suggests that strong experiences with brands are derived when consumers perceive the authentic value of the brand, which consequently conveys a deep emotional bond with the brand (Grisaffe and Nguyen, 2011).

From a consumer's perspective, consumers reach brand authenticity when they perceive the internal consistency, which focuses on maintaining the brand standard and style, preserving its essence, and avoiding its exploitation; and external consistency, which pertains to the appearances and claims of the brand (Choi et al., 2014). Similarly, consumers tend to positively perceive the brand when the brand images are consistent with the internal and external brand authenticity. This conceptualization of authentic brand value aligns well with Holbrook and Hirschman's (1982) notion of consumer response. In the experiential view, the principle of consistency and contiguity proposes that sensations, imagery, feelings, pleasures, and other symbolic or hedonic components are paired together to create a mutually evocative consumer response (Holbrook and Hirschmann, 1982). The role of emotions in understanding consumer behavior becomes a central issue in customer experience management. In a hedonic brand context, coping with positive emotions involves savoring the experience with the brand and the retail environment. Consequently, companies should work to continue or increase the physical, intellectual, and sensorial activities associated with the brand across various environments, and coordinate the brand authenticity in monobrand direct channel and multibrand indirect retail settings. A brand that greatly succeeded in managing the total customer experience is Givenchy. The French brand, owned by luxury group LVMH,

attempted to involve customers in a 360-degree experience, wherein consumers were engaged with consistent brand messages within the monobrand stores and across multibrand retailers while feeling the uniqueness and authenticity of the different products of the brand. Similarly, Givenchy has increased its activity in fashion magazines, social media, and blogs, bridging the brand experience between online and offline channels.

Bringing together marketing and the consumer's perspective requires companies to build authentic and strong relationships between consumers and brands and to take into consideration the multisensorial sphere of these relationships. The coordination of multiple experiences is one of the most important elements of value creation, since strong customer experiences foster customer loyalty (Verhoef and Lemon, 2013). Especially in today's market, where total retail sales in the US topped \$4.53 trillion in 2013, amounting to about 27% of nominal US GDP ([www.eMarketer.com](http://www.eMarketer.com)), manufacturers and retailers are strictly connected each with other in the creation of value.

### **Branding and Retailing Issues in the Contemporary Business Landscape**

Although marketing research has studied the relationship between consumers and brands since its very beginning, today's business environment has totally changed the dynamics of the interaction between brand manufacturers, retailers, and consumers. Empowered consumers and new technologies have strengthened the necessity of changes in traditional business models. Many companies have expanded their focus from selling products to engaging and empowering customers, with the ultimate goal of creating a rewarding customer experience (Sorescu et al., 2011). The most successful firms have balanced an innovative digital approach with an attractive experience-based in-store and off-store activity to add value to every interaction between consumers and brands. Uniqlo, for example, opened a summertime roller-skating rink and a pop-up shop next to Manhattan's High Line public park, while directing shoppers and participants to visit the city's two new flagships, the online website and the social media channels. The primary goal was to enhance the customer experience by generating excitement and consumer involvement through fun and unique experiences. Other retailers, such as Harrods, created a wonderful world of haute couture brands by launching a new "Superbrands" floor, home to major fashion manufacturers. The project aimed at having all the stores located in one place, with each mini-store strategically

positioned in its own retail space and modeling the best of its collection. The objective of this endeavor was the integration of individual retail activities and processes into a coherent blueprint, where consumers can experience the brands in an exciting retail context.

The above examples describe how companies have changed their strategies and reconfigured their traditional business models. Embracing its holistic approach, the business model concept concerns five main features namely, firm's value proposition; markets and market segments; structure of value chain; mechanisms of value capture; and resources and capabilities (Foss and Saebi, 2015). In this conceptualization, business-model innovation occurs when a company adopts a novel approach to commercializing its underlying assets (Gambarella and McGahan, 2010). The most innovative companies have found ways to enhance consumer value by completely rethinking brand activities and designing new interactions between consumers and brands across multiple retail settings (Ganesan et al., 2009; Shankar et al., 2011; Sorescu et al., 2011).

Consumer shopping patterns have simultaneously evolved toward a more comprehensive experience logic, where every interaction matters and every touch point of the brand is explored. In this form of logic, consumers increase their power in the decision-making process by choosing how, when, and where to interact with brands (Grewal et al., 2009). A new critical capability involves aligning and, when needed, reconfiguring retail and brand strategies into a coherent and compelling shopping experience, which holistically incorporates the retail setting and the brand. From the experience perspective (Brodie et al., 2009, Frow and Pyane, 2007), the foundational proposition of branding is building processes to support the customer experience, rather than advertising and conventional brand-related activities. As such, the brand interactions among brand manufacturers and retailers are key points for developing strong relationships with consumers and creating greater value.

### ***Consumer Relationship with Brands***

Managerial research has underpinned the strategic role of brands in gathering multiple sources of information and creating involving shopping experiences across physical and cyber environments (Bergstrom, 2000). Brands involve consumers in a reciprocal, active, and interdependent relationship that evolves over time and encompasses several dimensions (Fournier, 1998). Accordingly, brand managers should develop and maintain a clear and

consistent brand strategy across multiple channels, so that brands can serve as stable references for consumers (Kapferer, 2008; Keller, 2010). This tendency has been explored in several studies that have demonstrated the central role of brand image in the consumer-buying process (Keller, 2009; Kwon and Lennon, 2009; Matthiesen and Phau, 2010). Exchange processes and relationships among market actors are becoming increasingly central to the value-creation approach (Silveira et al., 2013). The brand is a strategic platform (Urde et al., 2013) where consumers become active contributors of brand processes and brand building. Consumers relate to brands in every aspect of brand processes, from product design to product consumption, and they are actively involved in interactions with brand manufacturers and retailers via multiple channels (Payne et al., 2009).

The advent of new retail scenarios has generated multiple ways for brand manufacturers to engage with consumers through multiple in-store and off-store experiences (Shankar et al., 2011). Shopper marketing, which refers to the planning and execution of all marketing activities that influence a shopper along, and beyond, the entire path-to-purchase, has become a top marketing priorities. Companies in the hedonic industry are very much aware of the great impact of retail settings on the formation of a strong brand image, and aim at understanding the consumer behavior from the point at which the motivation to shop first emerges through purchase, consumption, repurchase, and recommendation. As such, brand manufacturers have increased their investments in brand experience activities to create entertaining, exciting, and emotionally engaging brand experiences. However, the greatest challenge for brand manufacturers is to connect with consumers across the complete shopping path, and participate in the consumer co-creation process even in retail environments, where they have less control of the brand setting. Thus, although brand manufacturers suggest ways to retailers to exhibit the brands and implement in-store activities, retailers organize the retail space according to their own design. Prior research on shopping environments has suggested that retailer's policies and practices greatly influence brand strategies within the store context (Brodie et al., 2009). As a result, consumers perceive value in their total relationship with the brand, which occurs in physical and cyber encounters with the brand, and comprehend the brand contexts of brand manufacturers and retailers. In order to embrace a holistic perspective on hedonic brand experiences, it is important to understand what a retail business model is and how companies can adopt innovative approaches towards their system of activities.

## ***The Pivotal Role of Retailers***

A number of studies have argued that the business model represents the firm's distinctive logic for value creation and appropriation (Chesbrough, 2010; Teece, 2010; Zott and Amit, 2010), where value creation implicitly incorporates a firm's ability to deliver value to customers (Sorescu et al., 2011). Foss and Saebi (2015) outline a fundamental aspect of the business model that captures its simultaneous focus on value creation and value capture mechanisms. The retail business model articulates how a retailer creates value for its customer and appropriates value from the markets (Sorescu et al., 2011). The retail business model is conceptualized in terms of three core components that encompass the way in which retail activities are organized, the type of activities that are performed, and the level of the actors' engagement in performing these retail activities. In the modern retail environment, this conceptualization has proven extremely relevant for understanding brand interdependencies that occur among the members of the supply chain. In an experiential view, the members that develop critical interdependencies are brand manufacturers and retailers. As Sorescu et al. (2011) show, the key challenge for innovative business retail models is the harmonic coordination of the retailing format, retail activities, and governance. Retailers assume a pivotal role in the enhancement of successful retail business models, as they engage in direct interactions with end customers, unlike most brand manufacturers. As retailers primarily sell products manufactured by brand owners, retail business models should not only focus on *what* retailers sell but more importantly on *how* retailers sell. Previous research has also established the pivotal role of the retailer in interactions with consumers (Ailawadi and Keller 2004), and stressed the great opportunities available to retailers for developing co-creative interactions with consumers (Grönroos and Voima 2013). The results of retailer empowerment emphasize the importance of greater cooperation between brand manufacturers and retailers (Ganesan et al., 2011), and the focus on innovative retail business models to enhance customer experience (Grewal et al., 2009; Verhoef et al., 2009).

## **Brand Image**

In a hedonic brand context, where the essence of the brand image is created and implemented both in directly operated stores, monobrand points of sales fully controlled by the brand



manufacturer, and in a large number of indirectly controlled multibrand retailers (Bonetti, 2014), it is important to coordinate each interaction between the consumer and brand. With respect to the experiential view, marketers should utilize a holistic marketing approach to design and develop unique brand images (Choi et al., 2014).

Whereas brand managers design most of the strategic implementations of the brand, retailers can increasingly give value to the brand via the creation of multisensory retail experiences (Spence et al., 2014). Brands such as Chanel are continuously growing their retail presence by finding new ways to cultivate the image of the brand and create distinctive and engaging brand experiences. Despite the importance of these marketing issues, the academic perspective of the investigation of holistic brand images in contemporary hedonic markets has been underdeveloped (Dolbec and Chebat, 2013; Verhoef et al., 2009).

Keller (1993) defined brand image as the overall perception of a brand as reflected by all the brand associations in the consumer's mind. That is, brand image encompasses the consumers' understanding of the attributes and benefits of the brand and represents consumers' response to the total set of brand-related activities engaged in along the entire purchase funnel. Relevant research on branding has argued that managing the brand image over time is a key objective of brand manufacturers and retailers (Ailawadi and Keller, 2004). In the process of value creation, the conceptualization of brand image suggests that brand manufacturers and retailers together need to provide hedonic brands with symbolic and authentic meaning. However, consistent with today's business scenario, brand images incorporate the images of the brand across multiple in-store and off-store contexts (Kwon and Lennon, 2009). Based on previous research on the interdependency between the shopping environment and consumer's perception (Baker et al., 2002; Donovan and Rossiter, 1982; Titus and Everett, 1995), it can be said that the in-store and off-store activities of brand manufacturers and retailers are pivotal aspects in creating powerful brand images in the fashion industry. Thus, with regard to brand image building, it is important that brand and retail managers blend information, entertainment, and experiences in integrated distribution activities (Keller, 2010).

Research has also shown the strategic importance of understanding the possible effects on fashion brand images of the inconsistency of multiple images of the same brand across various environments (Kwon and Lennon, 2009; van Birgelen et al., 2006). The main challenge for fashion brands is that an image can be formed separately for each retail environment according to the perceptions and benefits about the brand manufacturer or

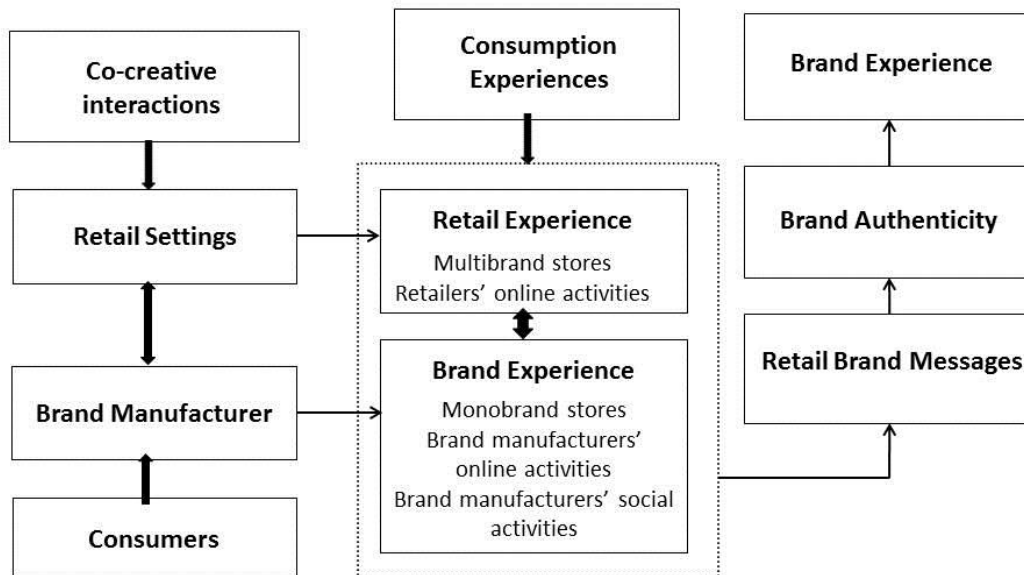
retailer in the corresponding environment (Kwon and Lennon, 2009). In other words, the brand consistency across contexts is the key to building successful brand images. Regarding to the notion of image consistency, past research (Matthiesen and Phau, 2010) portrayed the case of the brand Hugo Boss as an example of global brand image inconsistency. Hugo Boss was characterized by “offering the largest fashion diversity possible at a consistent and high quality standard for both men and women” (Matthiesen and Phau, 2010, p. 203). However, in Australia, Hugo Boss had the image of a producer of high-quality business wear for men. Although consumers positively perceived the brand, such inconsistency caused a greater switching behavior in favor of other brands.

The above example shows the importance of creating compelling and similar brand messages across various in-store and off-store touch points of the brand. Winning brands will likely to be those that offer customers integrated shopping experiences that skillfully orchestrate images across direct and indirect retail environments, and encompass physical and cyber contexts. As a critical success factor, companies must not only face challenges posed by multichannel environments but must also adapt to the new business landscape (Keller, 2010; Sorescu et al., 2011).

### **Brand Experience in Modern Retail Contexts**

Returning to our initial conceptualization of the customer experience, we can conceptualize the brand experience in today’s retail environment. Figure 1 presents the flow of brand experiences in a hedonic consumption context.

Flow of Coordinated Experiences in a Hedonic Brand Context



**Figure 1.** Flow of Coordinated Experiences in a Hedonic Brand Context

The integration between marketing and the consumer’s perspectives suggests that brands create and maintain powerful customer experiences wherein there is consistency between the authenticity of the brand and multiple retail brand messages. In the landscape of brand management, the conceptualization of customer experience requires an understanding of how consumers respond to brand stimuli. This investigation is particularly important when examining brand experiences emerging in the manufacturer’s and retailer’s physical environments, namely the monobrand and multibrand retail settings. The existing literature on brand experiences, retail atmospherics, and brands still lacks comprehensive experience approaches. A number of studies have investigated the brand experience from a theoretical perspective (Brakus et al., 2009), or based on a case study analysis (Payne et al., 2009). Other studies have focused mainly on the direct relationship between the brand manufacturer and the consumer (Dolbec et al., 2013; Kim, 2012). Further, there is a limited amount of research that relates brand experience more closely to the contemporary retail landscape (Dennis et al., 2014; Khan and Rahman, 2015). For example, Dolbec et al. (2013) have studied how in-store

brand experiences affect consumer response to flagships vs. brand stores and highlighted how their study suffers from not considering the continuity between current, previous, and future experiences.

In light of the above, while practitioners have realized the importance of multichannel brand experiences, literature on the interrelationships between brand experiences, retail environments, and multiple touch points of the brand remains elusive. In the last decade, academic research in marketing has explored the construct of brand experience (Brakus et al., 2009). The conceptualization of brand experience encloses a multi-dimensional construct that incorporates “sensations, feelings, cognitions, and behavioral responses evoked by brand related stimuli” (Brakus et al., 2009, p. 53). Such brand stimuli relate to the design, identity, packaging, and communications of the brand, as well to the environments where the brand operates. In other words, brand experiences rise from a context of brand activities, brand settings and environmental images. The intrinsic concept of hedonic brands as experiential products with high symbolic value, holistically incorporates manufacturers’ and retailers’ activities in fulfilling the various dimensions of brand experience. By assuring consistency across the brand manufacturer’s and retailer’s settings of the brand, customer experiences evoke the authenticity of the brand. The coordination and harmonization of consumption experiences are essential aspects of the brand experience. Thus, when consumers experience the brand across multiple retail settings, it becomes challenging to market features. Important elements of the physical retail environment can greatly affect the brand experience. Specifically, the store environment evokes multisensory sensations, feelings, and emotions that influence the perception of brands (Baker et al., 2002; Spence et al., 2014). This means that a consumer visiting a Gucci store brand and Gucci in Macy’s should experience the same look and feel of the brand. A lot of research has stressed the great impact of negative consumption experiences, which can lead to complaining behaviors, customer loss, and bad word of mouth (Grewal et al., 2008; Hess et al., 2007; Richins, 1983). Accordingly, an issue worthy of attention is how a negative consumption experience impacts the image of the maker of the brand or the seller, namely the brand manufacturer and the retailer (Yoon, 2013). Whereas consumers usually think about Dolce & Gabbana as a luxury brand and expect to find the products of the brand in high-end retailers, encountering fragrances of the luxury brand in low-end retailers may provoke a negative reaction to the brand or the retailer. Consequently, effective experience management among various retail scenarios is vital for

both brand manufacturers and retailers.

Marketing research has shown that consumers perceive the retail environment in different ways according to the explored purchase channel or mix of channels (Rigby, 2011; Shankar et al. 2011). In a holistic perspective, this suggests that an innovative business approach should integrate multiple channel experiences into a single seamless brand experience that encompasses the total experience of consumers' interaction with the brand. Thus, since brand manufacturers mainly rely on retailers to sell their products and focus on enhancing the retail experience of the brand, they should consider retailers as an amplifier of brand experiences. These further issues with the consumption experience provide relevant opportunities to design and manage the fashion brand experience as a flow of brand manufacturer's and retailer's activity. More specifically, the brand manufacturer can develop an in-store and off-store brand strategy that combines its retail activity with the strategy of the retailer. Following this path, monobrand and multibrand stores could provide integrated and coordinated fashion brand experiences. In a co-creation view, this holistic approach leads to harmoniously orchestrated multiple consumption experiences and magnifies the brand experience across the direct and indirect touch points of the brand.

### **Managerial Considerations**

Because practitioners have considerable interest in highlighting the relevance of properly managing multiple brand touch points (Interbrand, 2014), it is pertinent to have a better understanding of how managers can orchestrate interactions between consumers, brands, and retail environments. The present review offers several avenues for brand manufacturers and retailers and can help to address key issues in branding and retailing. Three major considerations of such issues are highlighted here.

#### ***Consumer-Consumer Amplifier in the Digital Era***

The advent of new technologies has increased the active participation of consumers across the multiple touch points of the brand, which encompass the brand manufacturers and retailers' spheres. Internet and new communication devices reach consumers anywhere at any time, regardless of space, time, or location. Along the entire shopping cycle, consumers can easily

obtain, process, and comment on brand information. This new environment of consumer communication will increasingly weaken the grip that retailers and brand manufacturers have on the creation of coordinated brand experience across channels. Large-scale consumer-consumer interaction can have a disruptive impact on the brand image and the overall connection between consumers and brands. As a result, consumers in the new marketing era wield the strong power of negative impact on multiple channel brand experiences. The famous US brand Abercrombie & Fitch has been attacked by consumers, who condemned the brand for lacking a “culture of respect.” Digitally connected consumers have massively affected this reputation and widely expanded the power of negative word of mouth. Brand manufacturers need to employ continuous dialog in their interaction with consumers, while providing retailers with in-store tools to benefit from consumers’ increased participation. In physical environments, where retailers have an advantage in creating multisensory experiences, brand manufacturers should align their business models toward the activities of retailers. In the US, the beauty retailer Sephora recently partnered with the skincare brand Lancer to reach a new audience, counting on the niche customers of the brand. Lancer’s CEO commented on this new adventure in the retail scenario, specifically mentioning Sephora’s superior customer service, which ensures a highly educated and non-biased skincare consultation approach and allows customers to learn about the Lancer philosophy. Conversely, in the channel and communication mix where retailers lack tools to stimulate the shopping experience, brand manufacturers must innovate their brand processes and strengthen overall communication through intensified retail activities. This brand holistic perspective enables the co-creation of coherent brand experiences across in-store and off-store environments. Consumers involved in interconnected communication strategies can perceive the brand image and use digital channels as an amplifier for their experiences. Moreover, brand manufacturers may transform contemporary retail challenges in well-designed business models, and craft multichannel brand strategies with specific focus on the co-creation of winning solutions in consumer-consumer interactions within control and less control retail environments. In summary, consumers’ interaction plays a crucial role in the formation of brand images, as information exchanged on brands and experiences grows in intensity and moves in multiple directions. Therefore, brand manufacturers should create a co-dynamic retail environment where retailers, brand manufacturers, and consumers can co-activate new value experiences by following a holistic approach.

### ***Multisensory Experience***

Academics and professionals have increasingly debated whether store atmospherics have a remarkable influence on shopper behavior (Biswas et al. 2014, Möller and Herm, 2013; Spence et al., 2014). This debate has suggested a revolution in sensory marketing techniques, wherein brand manufacturers and retailers seek to influence the consumer's sensory experience. Macy's CMO affirmed the importance of communicating the "Magic of Macy's" through a unique collection of multisensorial products that consumers can feel, smell, and touch. Spence et al. (2014) argued the necessity of developing multisensory store cues that should integrate design elements, the ambience aspects of the store, and social elements. As a result, companies have increased their expenditure on merchandise and communication at the point of sales. For example, 12% of a fragrance's price is devoted to marketing and packaging, since companies consider the role of offering fragrance samples in the store as a critical factor in enhancing the in-store experience. Within the physical store, consumers can feel, touch, try, and smell the products, with the ultimate goal of experiencing and connecting with the brand. In these last few years, marketers have often manipulated sensory inputs of the brands to enhance the overall experience. Brand managers and retailers should consider how retail settings may shape customers' understanding of the brand. Recent research has shown that bodily experiences transfer metaphoric meaning to customer's perceptions of the brand (Möller and Herm, 2013). Thus, managers may consider retail settings to design multisensorial experience-related activities within the store environment and shape consumers interpretation and evaluation of the brand, as in-store bodily experiences transfer a metaphoric message to the brand. At a broader level, managers are increasingly focusing on the sensorial and experiential aspects of marketing. By creating successful retail experiences and structuring proper environmental cues, retailers can increase patronage behavior and achieve superior store loyalty, while brand manufacturers can enhance consumers' attachment to the brand and build strong multisensory brand experiences.

### ***Brand Alignment across All the Touch Points of the Fashion Brand***

The ongoing discussion on the enhanced role of consumers in the processes of brand value creation clearly suggests the priority of companies to adopt a customer orientation view.

However, given the rise of supply chain issues, managers should also focus on designing the brand as a resource and strategic hub. Based on this new way of thinking, companies need to adopt an hybrid approach that combines inside-out and outside-in perspectives. While the first perspective considers the identity of the brand as a fundamental characteristic, the second one establishes brand image as the key to company activities. In a hedonic consumption context, brand managers should orchestrate brand activities in each encounter between the consumer and the brand, especially the ones across various retail settings. However, brand managers also need to incorporate retailing strategies and brand coordination activities to develop consolidated brand experiences across multiple retail environments. Adidas, for example, has developed the “Home Court” project, which transforms some of its stores into store-stadiums, where consumers can experience the essence of the brand and the atmosphere of a soccer match. The store-stadiums resemble an arena that customers walk up to in a tunnel while being cheered on by spectators, like real soccer players. When the brand manufacturer is effectively aligned with the retailer’s brand strategies, consumers will perceive a consistent brand image across all the touch points of the brand. This consistency in all consumers’ touch points between brand manufacturer and retailer may leverage optimal consumption experiences. Because hybrid and holistic approaches will increasingly become popular, managers should consider the brand alignment across all touch points of the brand as a strategic priority.

### **Summary Observations and Future Research Prospects**

Brand management and retailing have become an important management priority in the past decade or so. The academic research that was reviewed in this paper has covered a number of different topics and incorporated a number of different studies that have collectively advanced our understanding of brands in today’s retail market. Before discussing future research avenues, it is worthwhile to take stock of the progress that has been made and the kinds of generalization that might be suggested by the research reviewed. In a postmodern consumption society, consumers connect with and experience brands across numerous physical and digital contexts and tend to focus on their holistic experience with the brands across these various retail scenarios. Companies, especially in the hedonic consumption industry where multiple retail settings contribute to the formation of the brand image, invest



considerable funds to create entertaining, exciting, and emotionally engaging experiences. The objective of this research was to provide an overview of the main issues related to brand management and customer experience management in the challenging modern retail landscape. As such, our review offers a framework that integrates insights from brand and retail literature.

Prior research has considerably demonstrated the power of brands and environments in the consumer decision-making process. The contemporary business landscape has seen the rise of significant changes, that have led to profound transformation in the ways in which consumers relate to brands. One of the more salient aspects concerns the relationship between consumers and brands, which has become more dynamic and experiential. Specifically, the proliferation of consumer touch points and omnipresence of consumers in brand building phases has greatly influenced brand management and retailing activities.

Simultaneously, the retail landscape has dramatically changed the dynamics of consumer-brand interactions among multiple physical encounters with the brand. The main challenge of these interactions concerns the effective integration of multichannel brand experiences into a coherent, overwhelming, and unique brand experience. In the landscape of brand management, the conceptualization of customer experience requires a deep understanding of consumer responses to brand images, particularly those that are created across multiple brand contexts. As this research has discussed, a new mechanism of innovative retail business models has emerged. The great challenge of innovative business models consists in designing integrated and holistic brand strategies that harmoniously enhance the multichannel brand experience. Moreover, in this holistic perspective, while consumers become the co-creators of brand experiences, they can significantly contribute to enhance brand messages. With these scenarios in mind, our research integrated marketing and the consumer sphere into a flow of consumption experiences. By analyzing the marketing and the customer's perspectives, we developed a more comprehensive understanding of brand attributes and of how these attributes, in turn, influence the brand experience.

### ***Future Research***

Although much progress has been made, especially in the last half decade or so, a number of important unexplored research areas exist, particularly with regard to holistic approaches.

Holistic approaches will be a fertile area for research for years to come. The review of different areas highlights a number of specific research directions in the topics of brand management, retail management, and hedonic consumption. In general, our understanding of brand management and retailing will critically depend on three key areas: the development of new integrative conceptual models of brand retail experiences; the adoption of store atmospherics approaches to customer experiences; and the necessity of taking a strong co-creation viewpoint.

Important linkages between customer experiences, retail settings, and hedonic brands have been investigated on a piecemeal basis in previous conceptual and empirical contexts. More integrative frameworks are needed to understand how a retailer's core characteristics can influence the formation of brand images. There is still a need to develop more fully articulated models that consider the conceptualization of brand and customer experiences together. The interactive and experiential dimensions of the brands reflect how brands constantly engage consumers in experiences across the brand manufacturer's and retailer's environments. This calls for a concurrent examination of the marketing and consumer spheres. Research may also focus on utilizing a store atmospherics approach (Baker et al., 2002) to examine the interplay between consumer experiences and brand cues in retail settings. Although prior studies have argued about the necessity of analyzing the phenomenon of customer experience and looking at the influence of cross-channel brand perceptions on the customer's retail experience (Levy and Weitz, 2009; Verhoef et al., 2009), academics have still not been empirically assessed the brand experience in a retailing context. However, recent research has taken the environmental psychology literature into consideration, and empirically tested the relationship among the store environment, customer experiences, and shopping values (Garaus et al., 2015), providing an opportunity for complementary perspectives. Moreover, while prior research on brand experience encompasses the subjective dimension of consumers, as well as multiple intangible elements that affect the multisensorial sphere (Brakus et al., 2009), it does not embrace the interaction of different retail settings on consumers' perceptions of the brand experience. Finally, while this research provides an overview of the conceptualization of fashion brands in a co-creation view, it argues that academics may need to analyze the brand and the environment as interdependent elements. Co-creation processes seem to be critical for examining the experiential and interactive dimensions of brands.

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# **An empirical investigation of luxury brand images: The interplay of traditional luxury brand factors with experiential factors across multiple retail contexts**

## **Abstract**

In today's consumption environments, consumers interact with the brand across multiple retail scenarios, and focus on their holistic experience with the brand. Companies, especially in the luxury industry where multiple retail settings contribute to the formation of the brand image, invest considerable funds to create entertaining, exciting, and emotionally engaging experiences. However, researchers have not yet examined how traditional luxury brand factors interplay with experiential factors across multiple retail settings. The aim of this paper is to understand how various retail settings influence emotional states, which, in turn, affect behavior toward luxury brands. Utilizing two qualitative studies, the authors consider the interaction between luxury brand experiences and store atmospherics. The paper concludes with relevant implications for academics and practitioners to enable new perspectives on luxury brand strategies, and consumer response to the luxury brand image in the challenging retail landscape.

*Keywords:* brand image, brand experience, luxury brands, store atmospherics, brand consistency, multichannel.

## **Introduction**

Over the past decades, researchers have devoted considerable attention to the effect of store environments on consumer behavior (e.g. Baker et al., 2002; Donovan & Rossiter, 1982; Kaltcheva & Weitz, 2006; Kotler, 1973). At the same time, academic research has also been conscious of the central role of brand image in the consumer-buying process (e.g. Keller, 1993; Kwon & Lennon, 2009). More recently, these two streams are coming together. Practitioners and academics have argued that creating compelling shopping experiences across multiple environments, and along and beyond, the entire path-to-purchase is a key challenge for maintaining and reinforcing a certain brand image (Interbrand, 2014; Payne et



al., 2009; Rigby, 2011; Verhoef et al., 2009). In a luxury brand context, where the essence of the brand is created and communicated both in Directly Operated Stores (DOS), monobrand points of sales (POS) fully controlled by the luxury brand owners (Bonetti, 2014), and in a large number of indirectly controlled multibrand retailers, it is even more important to create holistic and coherent consumer experiences with brands. Whereas brand managers design most of the strategic implementations of the brand, retailers can increasingly create value to the brand via the creation of multisensory retail experiences (Spence et al., 2014). Luxury brands, such as Chanel, are continuously growing their retail presence, and identifying ways to cultivate the tradition of the brand and create distinctive and unique brand experiences. However, the academic perspective of investigating luxury brand images in contemporary business contexts has been underdeveloped (Berthon et al., 2009; Miller & Mills, 2012).

While this call for more comprehensive and holistic approaches to luxury brand experiences has been raised (Atwal & Williams, 2009), current research predominantly focuses on single aspects of the luxury brand experience, such as in-store multisensory factors (Möller & Herm, 2013), brand owner cues (Tynan et al., 2010), in-store environment cues (Baker et al., 2002), or luxury brand specific factors (Beverland, 2005). The evolving business world needs to implement more holistic and contemporary approaches. By employing the approach of three dimensions of store atmospherics (Baker et al., 2002) to luxury brand experiences, this study investigates how consumers integrate traditional brand factors with new factors of consumption. An investigation of these issues is important because consumers perceive the brands and the environments holistically. Further, previous research has greatly established the pivotal role of the retailer in the interaction with consumers (Ailawadi & Keller, 2004). The objective of this article is to present an explanation to successful – and unsuccessful – luxury brand experiences across various retail contexts, and enable brand owners and retailers to view experience in a more holistic and harmonious perspective.

In light of the above, this paper addresses the relationship of luxury brand experiences to tight and less controlled retail scenarios, and the ways in which luxury experiences trigger successful and consistent brand images. The authors seek to explore conceptually the meaning of luxury brand experiences in retail contexts, and empirically investigate consumer response to brand owner and retailer cues across the in-store and out-of-store environments. We first provide an overview of previous research on the conceptualization of brand-customer experience, and relate traditional factors of luxury brands to the present retail scenario. Then,

we develop a theoretical framework of luxury brand image formation across in-store and out-of-store contexts. Next, the paper proceeds by outlining the research methodology employed, and discusses key findings from the empirical analysis of brand-retail experience on consumer emotional responses to luxury brands. Finally, we present theoretical consequences, and suggest relevant managerial implications to create a consistent blend of traditional and experience factors across multiple retail contexts.

## **Conceptual foundations**

### ***Conceptualization of the relationship between customer experience, brand experience and retail environments***

While practitioners have realized the importance of omnichannel brand experiences, finding literature on the interplay between brand experiences, retail atmospherics, and multiple touch points of the brands remains elusive. In the last decade, academic research in marketing has explored the construct of brand experience (Brakus et al., 2009). Further, there is a limited amount of research that relates more closely brand experience to today's retail landscape (Dennis et al., 2014; Khan & Rahman, 2015). The conceptualization of brand experience encompasses a multi-dimensional construct, which incorporates "sensations, feelings, cognitions, and behavioral responses evoked by brand related stimuli" (Brakus et al., 2009). Such brand stimuli relate to the design, identity, packaging, and communication of the brand, as well to the environments where the brand operates. That is, brand experiences rise in a context of brand activities, brand settings and environmental cues. Similar to brand experience, customer experience has been conceptualized as a construct that is holistic in nature, and "originates from a set of interactions between a customer and a product, a company, or part of its organization, which provokes a reaction" (Gentile et al., 2007 p. 397). Another definition of consumer experience refers to it as an "internal and subjective response customers have to any direct or indirect contact with a company" (Meyer and Schwager, 2007 p.118). However, in spite of this narrow relationship of brand experience and customer experience to retail environments, researchers have yet to address the meaning of the interaction between brand-customer experience and retail environments. Luxury brands, which are experience products in nature, carry the challenge of conveying consistent and

emotionally engaging experiences, while communicating an image of quality, exclusivity, and authenticity (Atwal & Williams, 2009). More specifically, in a holistic brand perspective, the definition of customer experience discloses the key role of the luxury brands in delivering the same brand cues across each connection between the consumer and the brand, and, along the entire buying process.

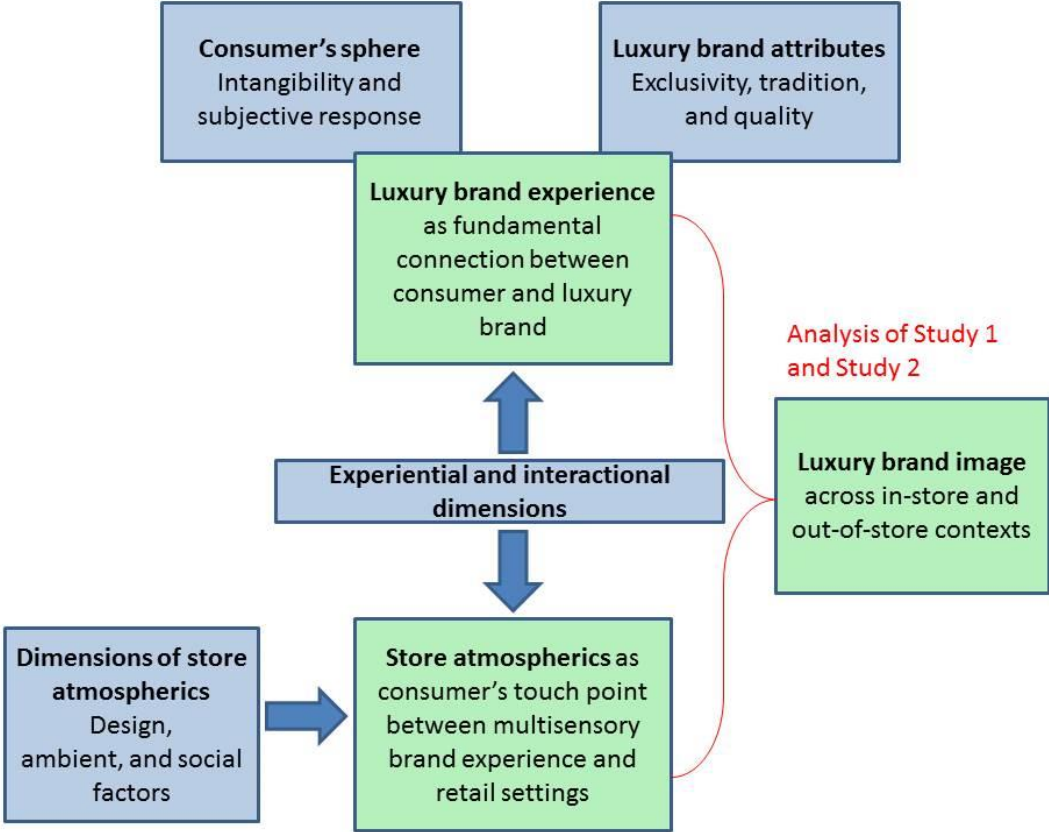
### ***Luxury brand experience in retail contexts***

The luxury brand literature has provided many diverse facets of luxury brands, taking marketing (Kapferer, 1997; Tynan et al., 2010), history (Berry, 1994), sociology (Belk, 1988), and economics perspectives (Nuño & Quelch, 1998). While these definitions of a luxury brand encompass different approaches, researchers agree that luxury concerns the subjective sphere of consumers (Kapferer & Bastien, 2009; Megehee & Spake, 2012; Phau & Prendergast, 2000). Another area of agreement in literature includes the notion that a luxury brand is associated with intangible elements of the brand (Beverland, 2005; Miller & Mills, 2012). As intangible and subjective goods, consumers pursue luxury brands to obtain psychological rather than functional benefits (Kapferer, 1997).

Originally, luxury brands have been associated with exclusivity, tradition, and quality (Kapferer & Bastien, 2009). However, in today's evolving marketplace, luxury brands are increasingly dealing with the new rule of consumption, where the experiential and interactional dimension has become the key connection between consumers and luxury brands (Atwal & Williams, 2009). As a result of the contemporary scenario, luxury brand managers need to craft new synergies, and relate the tradition and exclusivity of luxury brands to the experiential and interactional dimensions (see Fig. 1).

Extant research on luxury brands indicates authenticity as one of the cornerstones of contemporary marketing. Consumers experience the brand authenticity when they perceive both the internal consistency, which focuses on maintaining the luxury brand standard and style, honoring its heritage, preserving its essence, and avoiding its exploitation, and the external consistency, which pertains to appearances and claims of the luxury brand in the retail environment (Choi et al., 2014). Similarly, consumers tend to experience the exclusivity of the brand when brand images are consistent with the brand authenticity in a holistic perspective. This conceptualization aligns well with Holbrook and Hirschman's notion

regarding consumer response. In the experiential view, the principle of consistency and contiguity proposes that sensations, imagery, feelings, pleasures, and other symbolic or hedonic components are paired together to create mutually evocative consumer response (Holbrook & Hirschman, 1982). The current study focuses on the stream of retail literature (e.g. Baker et al. 2002; Donovan & Rossiter, 1982), which has found that specific combinations of atmospherics elements influence consumer perceptions about merchandise, service quality, and the overall store image. We specifically examine how consumers formulate luxury brand images by experiencing store environmental attributes that affect emotional states which, in turn, influence behavior (see Fig. 1).



**Fig. 1.** Conceptual model of luxury brand experience formation.

***Study overview***

Owing to the lack of relevant research, this study applies a qualitative and exploratory

approach to develop deep insights on consumers' response to holistic experiences with luxury brands (Creswell, 2012). The adoption of a direct qualitative method is suggested when the analysis concerns a relatively new construct such as brand experience (Deshpande, 1983). Further, research should focus on in-depth interviews of actual customers to capture the essence of brand experiences in retail environments (Khan & Rahman, 2015). Two sequential studies investigate the conceptual framework of luxury brand image formation across in-store and out-of-store contexts, which we have built from the literature background (see Fig. 1). Study 1 provides the identification of luxury brand and retail experience elements, which have been used in Study 2 as the guideline for defining the determinant factors of in-store and out-of-store luxury brand experience cues.

## **Methodology**

### ***Study 1: Identification of luxury brand and retail experience elements***

In study 1, respondents named a luxury brand which they had frequently experienced in the last year, and to which they felt being in a deep relationship across multiple retail touch points. Following the categorization of luxury brands (Jackson, 2004) which comprehends fashion (couture, ready-to-wear, and accessories), perfumes and cosmetics, wines and spirits, and watches and luxury, respondents chose whatever brand they wanted. Respondents were asked about their perception of the luxury brand, and how they experience it across various online and offline contexts. The authors imposed no constraints on the elicitation. To gain a broad range of perspectives on the phenomena being studied, we purposely selected informants with important variations in demographics and professional profiles (McCracken, 1988). Thirty-five people between 17 to 65 years of age (twenty-one females) were interviewed. The conceptual framework that the authors developed (see Fig. 1) served as the basis for authors' manual on luxury brand image formation. For example, the authors asked the consumers to describe what elements of the shopping experience might shape the luxury brand image in the store environment and out of the store environment. Ten primary topics were identified which cover consumers' experience with luxury brands across multiple retail settings (see Table 1).

- Motivations of purchasing the luxury brand
- Key categories of the luxury brand
- Motivations to preferred retailer of the luxury brand
- Perceptions of the luxury brand across multiple retailers
- Images of the luxury brand in brand owner touch points (store brands, flagship, online) and retailer physical stores (monobrand vs multibrand)
- In-store experience with the luxury brand
- Interaction with brand communities (social media channels, events organized by the retailer and/or by the brand owner)
- Considerations on inconsistent images of the luxury brand
- Potential open questions on insights of the specific consumer's shopping path
- Ideas for improving the personal experience with the luxury brand

**Tab. 1.** In-depth interview guide (topics covered).

The interviews were recorded, transcribed, and evaluated through content analysis, following quality criteria of Kassirjian (1977) and Keaveney (1995). The authors analyzed respondents' perceptions of luxury brand experiences in multiple retail environments through open and selective coding (Glaser & Strauss, 1967).

***Study 2: Defining interplay factors of retail environments on luxury brand images***

From results of Study 1, in-store and out-of-store brand related factors for luxury brand images were singled out and compiled in the interview guide for Study 2. Following the theory approach of Baker et al. (2002), Study 2 concentrated on the store environmental classification (design, ambient, and social factors) to identify specific retail related elements that affect luxury brand experiences. The authors undertook in-depth interviews selecting eight of the above 35 respondents included in Study 1, two from each consumer segment

identified in line with the hedonic profiles of Arnold and Reynolds (2003). At the beginning of the interviews, the authors provided the instructions to respondents. The instructions were: “We are interested in understanding your perceptions of a luxury brand that you have experienced across multiple retail settings, as long as you have a positive relationship with this brand, such as that you purchase this brand or you repeatedly search for it. Please provide the name of the luxury brand and the product category you think about. Describe what you like about this brand and why”. Once the respondents answered to these first instructions, the authors started with the interview guideline. Our elicitation was similar to Thomson et al. (2005) and produced textual data for analysis.

Each interview discussion lasted between 30 and 45 minutes, was audio-recorded and transcribed verbatim. The text was analyzed by the authors following the generalized sequence of steps of data reduction and transformation, data display and conclusion. The code development followed thematic analysis (Boyatzis, 1998). Since the respondent description usually contained several ideas, we assigned multiple codes to capture all facets. Thus, coding was multivariate within subjects. With multiple ideas per respondent, we extracted a large list of properties. The depth interviews provided a rich source of major groups of brand owner and retailer cues (see Fig. 2), which influence the formation of luxury brand image.

## **Findings**

This article now presents the findings below according to the emergent themes with some exemplary quotations provided.

### ***Luxury brand factors related to the brand owner cues***

Consumers identified a wide range of attributes that they sought in a luxury brand, and highlighted how the brand can provide compelling and emotionally engaging experiences. The most relevant luxury factors in the relationship with the luxury brands concern the aspiration for a brand’s tradition, the congruency between price and the luxury brand, and the feeling of sincerity in the relationship with the brand.

Consumers consider the brand exclusivity and quality as the primary reason for purchasing luxury brands. The combination of exclusivity and quality factors rises when consumers

perceive the luxury brand's tradition in multiple encounters over time with time. One respondent stated:

*“Brand W has a very high quality. It is very expensive and very exclusive. I feel this exclusivity when I think of the brand's products in early nineties as well as the new products of last year. The tradition of W perfectly embraces today's industry innovations.” (Consumer B, female, 27).*

Consumers greatly perceive the uniqueness of the luxury brand also through its price. However, when the high price exhibits inconsistent relationships across the product categories of the brand, consumers develop less positive behaviors toward the brand, such as lower purchasing intentions and higher rates of brand switching within various categories.

Another critical factor for the formation of luxury brand images concerns the preservation of the brand with the essence of the brand. Consumers stressed the importance of being involved in a 360 degree brand path across different product categories a luxury brand offers. When luxury brands lose the grip of consistency across their various product categories, the feeling of sincerity impacts the experience that consumers have with luxury brand. One respondent explained:

*“Brand X should sell me something tightly connected to a lifestyle and a way of being in the beauty sector, as it does when I buy its dresses or purses.” (Consumer E, female, 29).*

This suggests that consumers aim to live the omni-experience of the luxury brand through its exclusivity, which needs to come across in a similar manner in all of the brand's product categories. The aesthetic dimensions of the luxury brands play a pivotal role in designing orchestrated cues of quality and innovativeness. Consumers identified the packaging and the in-store display where the luxury brand is exhibited as the major influencing factors of brand aesthetics.

Finally, consistent with contemporary trends, interactive touch points must be present both in an online and offline contexts. Consumers connect with online channels to search for new products, as well as to live an online experience with the brands.

*I enjoy myself very much when I find an interactive display of brand Z in the store. I usually browse products of the brand Z, and look for the extra content*



*that the display offers. The videos shot by brand Z are great!” (Consumer D, male, 32)*

### ***Luxury brand factors related to the retailer cues***

When the luxury brand enters the retail contexts, the cues consumers are looking for are the congruency between the luxury brand’s new products and the existing ones, the brand’s appeal within the retailer’s overall design, the brand’s physical positioning within the store, and the aptitude of store employees to communicate luxury brand attributes. In addition, when consumers experience the luxury brand across multiple retail settings, marketing features become very challenging. Important elements of the retailer’s setting contribute to create appealing and exciting luxury brand experiences. The store ambient specifically evoke multisensory sensations, feelings, and emotions that influence the perception of luxury brands.

A determinant element of holistic luxury experiences concerns the presentation of the brand across multiple retailers. Consumers sought to find very similar brand images in each touch point with the brand. However, if specific store settings of the luxury brand in various retailers are inconsistently orchestrated, the retail context stimulates negative brand perceptions. One respondent explained that she felt confused when she visited one store and encountered a “colorful display with a charming presentation of brand Y”, while discovering the same brand “black and white displays and an awful presentation of brand Y” in another retailer’s. Another respondent reported how she could not find her luxury brand in a famous retailer since it was displayed among medium quality brands. This second observation is connected to the price cues consumers have regarding the luxury brands.

Concerning the impact of the retailer’s image on respondents, we identified that the overall setting of the retail store deeply influences their luxury brand experience. Although specific luxury brands may be presented in an appealing way in the store, this does not translate into the consumers’ perception of high symbolic value, unless the overall retail environment matches the high quality brand presentation in the store. That is, when the retailer creates a pleasant store atmosphere but an incoherent image between the store and the brands, consumers do not engage in strong experiences with the brands, nor the store.

Finally, store employees are determinant elements in creating authentic and sincere luxury brand images. Whereas design and ambient factors stimulate exciting in-store experiences, consumers found store employees' attitude toward the luxury brand as one of the primary reason to choose a specific retailer. Thus, consistent to the need for the luxury experiences, consumers are seeking to encounter qualified sales personnel to communicate the luxury brand image. Table 2 shows our empirical findings.

	<b>Brand Owner Cues</b>	<b>Retailer Cues</b>
<b>Brand</b>	Aspiration for a brand's tradition Congruency between price and the luxury brand Feeling of sincerity in the relationship with the brand	Congruency between the luxury brand's new products and the existing ones
<b>Design</b>	Exclusivity of the packaging Aesthetic appeal of brand displays	Luxury brand's appeal within the retailer's overall design Luxury brand's physical positioning within the store
<b>Ambient</b>		Multisensorial connection between the luxury brand and the overall store atmosphere Lighting of luxury brands
<b>Social</b>	Need for connecting with the luxury brands across multiple channels	Aptitude of store employees to communicate luxury brand attributes In-store stress avoidance Multipurpose of the retailer in delivering the luxury brand

**Tab. 2.** Brand owner and retailer cues influencing luxury brand image formation.

## **Discussion**

### ***Theoretical and research implications***

Important linkages between customer experiences, retail settings, and luxury brands have been investigated on a piecemeal basis in previous conceptual and empirical contexts. As such, our conceptual model (see Fig. 1) contributes to the extant literature by offering a framework which integrates insights from brand and retail literature. This integrative

framework is substantiated through our empirical findings. As the results in Tab. 2 show, retailer's cues deeply influence the formation of luxury brand images. The interaction of the luxury brands with the retail environment reflects how brands constantly engage consumers in experiences across the brand owner and retailer's sphere. This call for a concurrent examination of these two spheres.

Our research is also one of the first studies to adopt a store atmospherics approach to examine the interplay between consumer experiences and luxury brand cues in retail settings. Although prior studies have proposed theoretical perspectives to analyze the phenomenon of customer experience (Verhoef et al., 2009), or luxury brands (Miller & Mills, 2012), they have not been empirically assessed in a retailing context. Within our study, we investigated the conceptualization of luxury brands in an experiential and interactive view, and provide significant contributions to analyze the brand and the environment as interdependent elements.

Moreover, while prior research on brand experience encompasses the subjective dimension of consumers, as well multiple intangible elements that affect the multi-sensorial sphere (Brakus et al., 2009), it does not embrace the interaction of different retail settings on consumers' perceptions of the brand experience. In addition, to our knowledge, our research is one of the first attempts to capture the essence of luxury brand experiences in retail environments from an actual customer's point of view.

Finally, from a theoretical standpoint, this study extends the experiential concept in luxury brand management with a broad perspective of multichannel management. Extant literature on luxury brands highlights the relevance of managing properly multiple brand touch points (Atwal & Williams, 2009). This research establishes a conceptual framework for attaining better interactions between consumers and the luxury brands.

### ***Managerial implications***

Our qualitative study offers several avenues for luxury brand owners and retailers. First, the findings clearly indicate that consistency and congruency play a key role in satisfying brand experiences. This includes the consistency of luxury brand experiences across different retailers, but also within the retail setting. Consumers expect to find a similar quality of experiences wherever they shop for their favorite luxury brand. This calls upon an intensified

collaboration between brand owners and retailers to jointly establish a coherent presentation of luxury brands. Equally important, however, is the brand experience of a luxury brand in relation to other brands in the retailer's store environment. Luxury brands need to be clearly identifiable in the overall store design and separated from less luxurious brands to maintain the appropriate brand experience.

Again, this calls for clear, strategic considerations when providing appropriate space for a luxury brand by the retailer and continuous attention to the presentation in-store and through sales associates. The latter strongly contribute to the overall brand experience and therefore need to attract additional training and attention from brand owners and retailers to complement the overall experience.

Further, our empirical analysis provides practical guidance to brand owners and retailers by suggesting the creation of stronger networks of consumers and brands through integrated holistic luxury experiences. Given that brand owners and retailers invest considerable funds in setting the best environment for consumers, this research introduces the retailer's activity as an amplifier for managing brand experiences through various retail settings. Additionally, we seek to deepen the understanding of retailers' inefficiency, and of customers' confusion on luxury brand images. Marketers must manage their multiple touch points, and design a retail strategy based upon the coordination of brand experiences and retail experiences. That is, brand owners may want to take into consideration the multiple physical contexts in which consumers encounter the luxury brand, and examine the influence of each context to the overall brand image. When managers discover a negative influence of the retailer on the luxury brand, they should evaluate a possible dismissal of the luxury brand in the specific physical retailer.

### ***Limitations***

While this research begins to address the gaps in relation to holistic brand experiences across multiple consumer touch points, this study is not exempted from limitations.

After delineating brand-retail experience from similar concepts, future research may want to measure luxury brand images in retail contexts. Experimental studies seem to fit the necessity of isolating independent experience factors, and analyze the impact of cross-retail luxury images on luxury brands. Especially, quantitative research might focus on consumer

purchasing behaviors of selected luxury brands across brand owner and retailer settings. Further research may also want to look at additional drivers of luxury brand experiences, such as how digital interactions in online and offline contexts influence the relationship between consumers and luxury brands. Moreover, more cross-cultural research is called for, as the luxury brand business is a global industry, which has to live up the demands from consumers across the globe.

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# **Brand aesthetic design and contextual cues: The role of (in)congruent brand-retail settings on consumer purchase intentions**

## **Abstract**

Building on past research, this article illustrates how the congruent versus incongruent representation of brand designs in the consumption environment affects purchase intentions. An assimilation effect occurs when the brand and retail context pairing is more pronounced, such that a high appealing brand design is paired with congruent visual cues (e.g., coherent aesthetic in-store display design between the brand and the retail environment). When the two cues are inconsistent, consumers find the low appealing brand design more salient generating a contrast effect. Two studies show the underlying process. The results have relevant theoretical and managerial implications.

*Keywords:* brand aesthetics; contextual cues theory; contrast and assimilation; processing fluency; retail settings

## **Introduction**

In recent years, the topic of “aesthetic design” – directly addressing human sensory perception of the consumer experience – has attracted great attention in the marketing literature (Hagtvedt and Patrick, 2014; Hoegg et al., 2010; Landwehr et al., 2012; Noble and Kumar, 2010). Scholars have studied when and how consumers are affected by aesthetic designs (Chitturi et al., 2007; Page and Herr, 2002), and proposed that design is an important strategic tool to differentiate from the competition and gain a sustainable competitive advantage (Hekkert, 2006). Although design is itself multifaceted (Bloch, 1995), much of the current discussion with respect to design does not consider its interaction with multiple retail environments and brand settings. For example, when shopping for the same brand across multiple stores, consumers might encounter various and notably different aesthetic designs of the brand. As such when deliberating to buy a particular product, consumers may not only pay attention to the target product, but may also consider other cues.

More specifically, consumers are influenced by the overall setting of the consumption



environment which may become part of a brand's design and, concurrently, incorporate multiple brands in a single entity. Prior work on associations between a target and a contextual cue (Martin et al., 1990; Meyers-Levy and Sternthal, 1993) suggests that assimilation effects occur when there is a positive relationship between the value consumers place on a target stimulus and the value they place on the contextual cues that accompanies the target. The situation of a negative relationship between a target and its context leads to a contrast effect. In short, consumers elaborate information and consequently behave by combining the evaluation of a target object with its contextual cues.

To our knowledge, no research has systematically investigated when, why, and how consumers integrate brand aesthetic cues and retail settings and what behavioral consumption responses are influenced by consumers' processing cues. Building on psychological research on assimilation and contrast effects (Meyers-Levy and Sternthal, 1993; Zhu and Meyers-Levy, 2009) processing fluency (Labroo et al., 2008; Reber et al., 2004; Shen et al., 2010) and product design (Hoegg et al., 2010; Page and Herr, 2002; Patrick and Hagtvedt, 2011), the present research aims to examine the relationship between aesthetic design and brand settings across multiple retail contexts. In this research, we underscore the importance of brand aesthetics in the consumption environment and investigate the differential behavioral responses to aesthetic design across diverse retail settings of the brands. Across two studies, we demonstrate that combinations of brand aesthetic design and retail settings can alter the manner in which a brand design and its retail setting are processed. We examine how congruent versus incongruent brand-retail context pairing influences consumer behavioral responses when the brand design differs across retail environments, a situation that consumers greatly experience. The article concludes with managerially relevant takeaways and future research avenues.

## **Conceptual Framework and Hypotheses Development**

### ***Aesthetic Design and Processing Fluency***

Product design is a broad term that encompasses the functional, aesthetics, and kinesthetic aspects of a product (Noble and Kumar, 2010). Adopting Baumgarten's view, aesthetics is a form of sensory gratification (Hekkret, 2006). These notions suggest that aesthetics and

design are tied to cognitive representations of response patterns on the basis of color, balance, style, unity, and complexity, among other attributes (Patrick and Hagtvedt, 2011). This argument follows from aesthetic congruity and processing fluency theories, whereby consumers have implicit schemas about how an environment or a product should look to be harmonious and aesthetically pleasing (Hagtvedt and Patrick, 2014; Reber et al., 2004). Indeed, the importance of visual aesthetics for consumer preferences appears to be increasing for an even-wider selection of products (Bloch et al., 2003), and product design is often the most important determinant of sales success (Bloch, 1995). As consequence, marketers invest great resources to design products that result aesthetically appealing to consumers.

Given the importance of visual processing fluency and aesthetics, while research has addressed how consumers respond to aesthetic (in)congruence in case of sequential exposure to products (Labroo et al., 2008; Shen et al., 2010), little empirical effort has been done toward understanding how combinations of the brand and the retail environment trigger behavioral responses. In general, an ease of processing information might elicit a more positive consumer response (Shen et al., 2004). This occurs in relation to the knowledge that less complex stimuli are generally easier to process, and lead to higher fluency (Reber et al., 2004). In line with this stream of research, a considerable amount of study indicates that the success of a message is enhanced when it fits with the observer's mental representational state (Schwarz and Clore 1983). When encountering information that is consistent with their beliefs, people are likely to experience an ease of comprehension, generating a "feels right" experience (Reber et al. 2004). Assuming that consumers easier process fluent stimuli and perceive a positive experience when they find consistency between a stimulus and their beliefs, they will respond more favorably to combinations of brand aesthetics and retail settings that are congruent when aesthetic design is aesthetically appealing.

Prior research on aesthetic incongruity has found that perceived congruity between the features of an item and those of a schema generates positive evaluations, while perceived incongruity may lead to negative judgments (Aggarwal and McGill, 2007). Specifically, incongruity is created when the expected consistency between aesthetics and performance is violated by the conflicting information. When aesthetic incongruity emerges, people are motivated to resolve inconsistencies and form an integrated evaluation of the conflicting pieces of information (Maheswaran and Chaiken, 1991). In doing so, people elaborate the stimulus and the processing environment in relation to one another. Recent research showed

that in the presence of incongruent information a negative aesthetic effect arises in the direction of the unattractive design (Hoegg et al., 2010). This leads to our prediction that in presence of aesthetic incongruity the brand aesthetics low in appeal will generate more positive consumer responses.

### ***Contextual Cues***

Along a close line to processing fluency theory, research on contextual cues suggests that the extent of feature overlap between a context and a target object determines whether a person interprets the target related or not related to the contextual data (Zhu and Meyers-Levy, 2009). If the features of contextual cues and the target product share considerable overlap, an assimilation effect occurs. When the contextual cues and the target product share little or no overlap in features, contrast occurs. Research documented that, in case of moderate incongruity, the discrepancy motivates processing and successfully resolving these differences (Roggeveen et al., 2014; Meyers-Levy and Tybout, 1989). The result produces a contrast effect with a more positive people reaction than in the congruent condition (Meyers-Levy and Sternthal, 1993; Noseworthy and Trudel, 2011).

In retail contexts, congruence complexity can relate to the (dis)similarity of retail settings (Roggeveen et al., 2014), or the match of brand labels (Labroo and Lee, 2006; Rahinel and Redden, 2013). In such complex contexts, several cues may moderate the relationship between retail environments and purchase intentions (Orth and Crouch, 2014). Indeed, strong brand cues affect more the discrepancy between the target and the context (Herr and Page, 2002). Further, under certain conditions, aesthetic incongruity can be even rewarded over congruity (Althuzien and Sgourev, 2014). Taken the contextual cues and the processing fluency theories together, we hypothesize the following:

H1: Brand aesthetics and retail congruence complexity will interact in influencing purchase intention, such that in a congruent brand-retail context pairing a brand design high in aesthetic appeal will positively influence consumer responses, generating an assimilation effect. Conversely, in the presence of an incongruent consumption environment a brand design low in aesthetic appeal will positively influence consumer response, generating a contrast effect.

H2: In consumption environments with complex brand cues, brand aesthetics and retail setting will interact in influencing liking, such that in a congruent consumption environment a brand design high in aesthetic appeal will be evaluated as more desirable. Conversely, a brand design low in aesthetic appeal will be evaluated more desirable in the presence of an incongruent consumption environment.

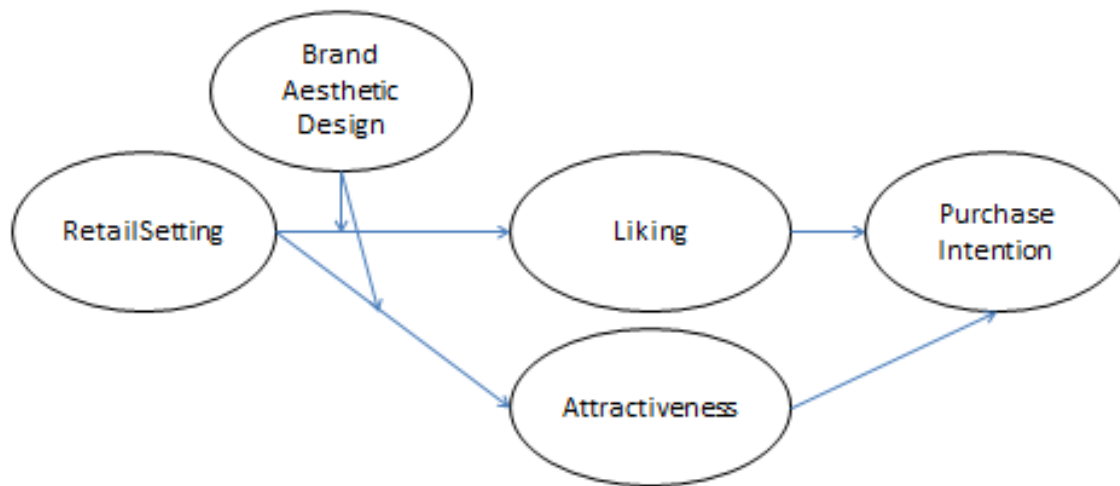
H3: In consumption environments with complex brand cues, brand aesthetics and retail setting will interact in influencing attractiveness, such that in a congruent consumption environment a brand design high in aesthetic appeal will be evaluated as more attractive. Conversely, a brand design low in aesthetic appeal will be evaluated more attractive in the presence of an incongruent consumption environment.

H4: In consumption environments with complex brand cues, individual liking will mediate the effect of retail setting and brand aesthetics on purchase intentions.

H5: In consumption environments with complex brand cues, attractiveness will mediate the effect of retail setting and brand aesthetics on purchase intentions.

H6: In consumption environments with complex brand cues, brand aesthetics and retail settings will interact in influencing purchase intention, such that in a congruent consumption environment a brand design high in aesthetic appeal will positively influence purchase intentions. Conversely, in the presence of an incongruent consumption environment a brand design low in aesthetic appeal will positively influence purchase intentions.

Figure 1 displays our conceptual model.



**Figure 1.** Conceptual model.

### **Overview of studies**

Across two experiments we pit brand aesthetics against retail settings to examine how congruent and incongruent brand-retail settings influence consumer behavioral responses. In both experiments, participants were provided with pictures of the brand designs and the retail settings. One brand display was more appealing than the other. The pictures of the brand and the retail settings were mismatched on congruence such that the participants viewed four sets of brand-retail context pairing. Study 1 examined the basic behavioral responses (purchase intentions) resulting from high versus low appealing brand display design in a high versus low aesthetic congruence of a brand-retail context pairing. Consistent with our theorizing, Study 1 indicates that when the brand and the retail setting present a congruent aesthetic design an assimilation effect occurs, such that the display high in aesthetic design increases consumer's buying intentions. However, when the brand and retail context are aesthetically incongruent, a contrast effect emerges, such that purchase intentions are increased by the display low in aesthetic design. In Study 2, we extended our findings and considered the role of congruence

complexity on consumer perceptions of the retail environment. Study 2 is an experiment in which images of the retail settings are manipulated to be similar versus dissimilar and mismatched with the sets of brand displays. Study 2 demonstrated that, although (dis)similarities of the retailers directly influence consumer behavioral intentions, the mismatched consumption settings between retail and brand features underscore a more complex dynamics and a pivotal role of the overall (in)congruency of the consumption environment.

## **Study 1**

### ***Sample and Design***

Study 1 is an experiment designed to demonstrate that the interaction between (in)congruent aesthetic retail settings and high versus low appealing brand design influences consumer behavioral responses. We tested our predictions in a 2 (brand-retail context pairing: congruence versus incongruence) x 2 (brand aesthetic design: high versus appealing brand display) between-subjects design. A total of forty-seven participants with an average of 31 years took part in this study.

Participants were presented with pictures of real brand displays, which were selected to be equivalent on all features except the critical one. On the appealing of this feature, hereafter referred to as the target feature, one brand display was superior to the other. We then paired these pictures with photographs of the two retail settings.

### ***Stimuli and Pretests***

The authors selected Chanel as the focal brand on the basis of several criteria. First, we sought a brand that competed across multiple retail settings but was similar in consumer awareness of the brand. Participants indicated their awareness of the brand on a seven-point scale, as in prior studies (e.g., Yoo, Donthu, and Lee, 2000; 1 = “strongly disagree,” and 7 = “strongly agree”). Pretest results indicated that Chanel in multibrand and monobrand formats had brand awareness ratings of 5.31 and 5.60, respectively, and these values are not significantly different from one another ( $p$ -value > 0.30). Second, we sought a brand with equally favorable

brand attitude across multiple product categories. Pretest results showed that the participant population had equally favorable attitudes toward Chanel across beauty and fashion categories ( $M_{\text{Chanel-Beauty}} = 4.89$ ;  $M_{\text{Chanel-Fashion}} = 5.55$ ;  $p > 0.10$ ).

### ***Procedure***

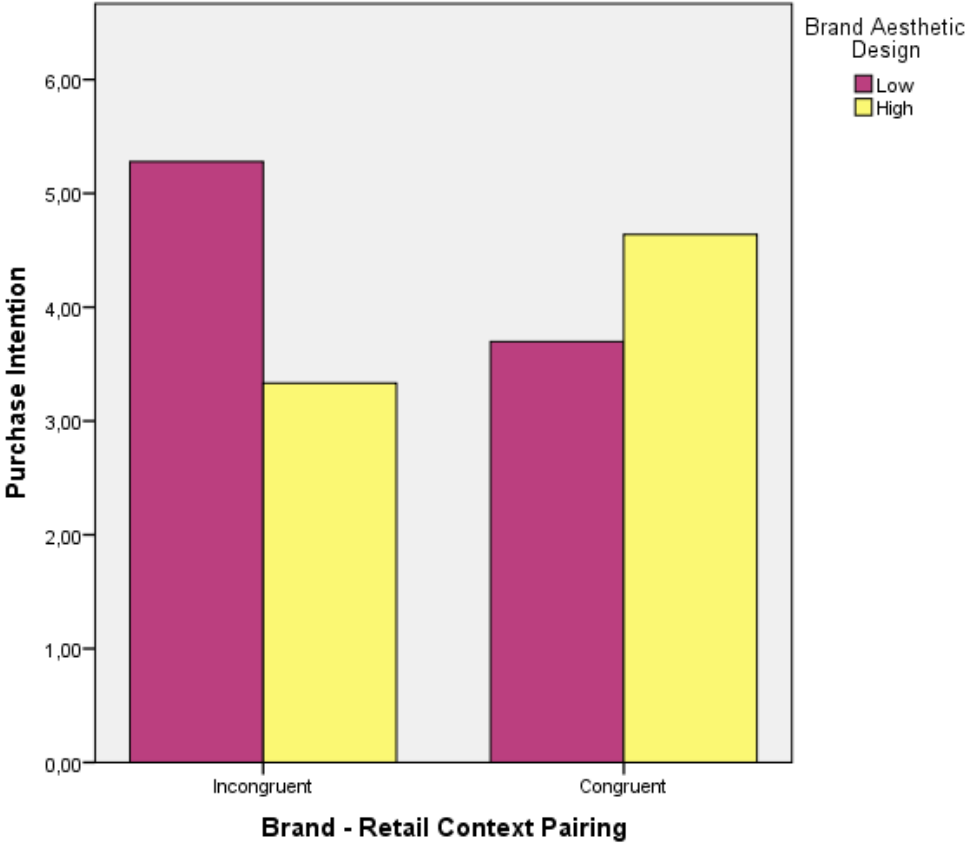
The stimulus for Study 1 utilized pictures of real brand and retail settings portraying the four combinations of the brand-retail context pairing and aesthetic brand design. Participants were informed that the study was being done for an upcoming display of a famous brand and that the design developers were interested in how people perceive the aesthetic design in various retail settings. All participants were asked to provide some generic evaluations about their attitude toward the brand. Then participants were shown a picture of one of the two brand display conditions (low versus high appealing brand display), and asked to evaluate the aesthetic appeal of the brand display shown. Next, participants were shown a combination among the four brand-retail context pairing, and asked to rate their buying intention. Included in the experiment were 7-point scales for brand usage, brand attitude, shopping importance, and fashion involvement to verify their potential interaction with our dependent variable. These measures were introduced right before the dependent variable measures. Analyses of variance revealed a nonsignificant main effects of these variables on the dependent variables of interest and were excluded from further analysis.

### ***Results***

We empirically tested our prediction by measuring the likelihood of purchasing the same brand displayed in a low versus high styling display across a congruent vs. incongruent brand-retail context pairing. As a manipulation check for aesthetic appeal, participants reported, on 7-point Likert scales (1 = “not at all,” 7 = “definitely”), the extent to which the brand display is aesthetically appealing (Kwon and Lennon, 2009). A one-way analysis of variance (ANOVA) (low versus high appealing display) on this measure revealed the expected main effect of aesthetic display design ( $M_{\text{High appealing design}} = 4.70$ ,  $SD = 1.23$  vs.  $M_{\text{Low styling design}} = 3.63$ ,  $SD = 1.40$ ,  $F(1,44) = 7.46$ ,  $p < 0.01$ ), thus confirming the manipulation.

We analyzed purchase intention as a 2 (brand-retail context pairing: congruence versus

incongruence) x 2 (brand aesthetic design: low versus high appealing brand display) between-subjects design. The two-way interaction between brand-retail context pairing and brand aesthetic design was significant ( $F(1,46) = 9.44, p < 0.005$ ). The brand display high in appealing aesthetic design increases purchase intentions when it is displayed in a congruent brand-retail context compared to the brand display low in aesthetic design. When the retail environment presents an incongruent setting between the brand design and the retail context, the brand display low in aesthetic appealing increases the purchase intentions compared to the display high in aesthetic appealing (see Fig. 2).



**Figure 2.** Study 1: The influence of brand aesthetic design and brand-retail context pairing on purchase intentions.

**Discussion**

The results demonstrated that when consumers are provided aesthetic elements to the brand



while experiencing a consumption setting, contrast and assimilation effects of processing fluency occur. When the aesthetic design of the brand was congruent with the contextual setting, participants' judgements of the target brand moved in the direction of the high display. Consistent with prior research showing an ease of processing for inherently appealing designs in a visually less complex context (Orth and Crouch, 2014), the aesthetic reaction to the congruent brand-retail context was more favorable for the brand display high in appeal. In contrast, when the brand and retail context pairing produced an incongruent shopping environment, the aesthetically low display generated greater purchase intentions. Consistent with our explanation that it is the reconciliation effect of conflicting elements between the target and the context that drives advantages for the less appealing product. Further, our findings support previous research which demonstrated that a negative aesthetic effect arises in the presence of inconsistency between the stimuli and the processing environment (Hoegg et al., 2010).

This study provides tentative evidence for the assimilation and contrast effect of brand-retail context visual congruency on the buying process. Specifically, presenting incongruent visual brand and retail settings may increase the attractiveness of the overall consumption environment.

## **Study 2**

The previous study demonstrated that when a brand is paired with a consumption environment – and consumers have the opportunity to process the visual complexity of the consumption environment – behavioral responses will polarize in divergent directions based upon the characteristics of the target. However, our study thus far has to control for other marketing variables that could alter the impact of brand aesthetics. In real shopping environments, brands are paired with a multitude of other brands, that often consumers do not know. This final study examined the simultaneously presence of a familiar brand and an unfamiliar brand to generate a high versus low appeal set of brand displays. Marketing research has widely recognized that the brand name is a strong signal of performance that can shape product evaluation (Bloch, 1995; Page and Herr, 2002). This theoretical consideration is controlled in our research, which balanced the strength of each brand across the two sets of brand display.

In this study, the authors extended the findings from Study 1 with a new set of retail-brand pairing (similar versus dissimilar retail settings) and a more sensible brand setting (high appeal brand set versus low appeal brand set). Ninety one participants from an online panel participated in the study, which included a similar experimental design and procedures, and new measures compared to Study 2.

### ***Stimuli and Pretests***

The first pretest was conducted to identify a familiar brand and an unfamiliar brand to generate the set of brand displays. Using an online panel, 49 participants listed two of their favorite brands across multiple industries – fashion, beauty, sportswear, and an elective industry. The researchers then evaluated the frequency of the responses and selected the brand with more frequencies as the brand with high familiarity. Chanel was the selected brand. For the unfamiliar brand, we selected the brand Collistar since it is not marketed to US customers. To control our selection of brands, a sample of eighty five participants (55 percent male,  $M = 34.1$  years of age) rated their familiarity with two brands (1 = “not familiar at all,” and 7 = “highly familiar”). An analysis of variance (ANOVA) with brand name as the independent variable and familiarity as the dependent variable revealed the expected main effect ( $M_{\text{Chanel}} = 5.11$  vs.  $M_{\text{Collistar}} = 1.49$ ;  $t(1, 75) = 13.00$ ,  $p < 0.001$ ). Next, a pretest was conducted to develop high versus low aesthetic appealing stimuli for the sets of brand displays. A sample of ninety respondents were asked to look multiple sets of brand displays, where each set included one picture of the familiar brand and one picture of the unfamiliar brand, and then rated the sets of brand displays. Participants were asked to answer to aesthetic appealing, functionality, novelty, and complexity measures. The measures were on 7-point scales. An ANOVA with level of sets appealing as the independent variable and aesthetic appealing as the dependent variable revealed a main effect of level of sets appealing ( $M_{\text{High}} = 5.18$  vs.  $M_{\text{Low}} = 4.06$ ;  $F(1,88) = 27.50$ ,  $p < 0.001$ ), thus confirming the appealing manipulation. There were no other significant effects. A final pretest was conducted to determine the similar versus dissimilar retail setting. In this pretest, forty seven participants visually examined the two pictures of the retail settings and then evaluated the retail settings on perceived similarity (1 = “extremely dissimilar,” 7 = “extremely similar”). A one-way ANOVA revealed a main effect of retail setting on perceived similarity ( $M_{\text{Similar}} = 4.99$ ,  $M_{\text{Dissimilar}} = 2.86$ ;  $F(1,45) = 7.47$ ,  $p < 0.01$ ).

Thus, the pretest confirmed that when consumers were exposed to similar pictures of the retail setting, they evaluated the retail setting to be similar, while the opposite evaluation was processed when the two pictures depicted a dissimilar retail setting.

### ***Procedure***

The participants in the main study were asked to complete an online survey on the evaluation of brand displays. Data were collected through an online panel yielding ninety one participants (57.1 percent female, M= 35.46 years of age). First, participants were asked to view the target products, the sets of brand displays, on consecutive screens. As manipulation check for level of set appealing, participants reported, on 7-point Likert scales (1 = “not at all,” 7 = “definitely”), the extent to which they agreed that the set of brand displays is aesthetically appealing. Next, participants were exposed to one of the four combination of brand aesthetics-retail settings, generated by one set of brand display (high vs. low appealing brand display) and one retail setting (similar vs. dissimilar retail setting). Hence, participants were asked to indicate the extent to which the retail setting was similar (1 = “extremely dissimilar,” 7 = “extremely similar”). After they had evaluated the retail setting, participants were asked to rate how congruent the set appeared as a whole. We asked participants “How much do you find congruent the set of brand displays with the retail setting”, 1 = “very low,” 7 = “very high”). The four sets of consumption environments that were used in the study are shown in the Appendix. The congruity condition was represented by the set of high or low appeal brand displays with the similar retail setting. For the incongruity condition, the set of high or low appeal brand displays was paired with the dissimilar retail setting. Participants then reported how much they liked the consumption environment (1 = “not at all,” 7 = “very much”), and how attractive the consumption environment was (1 = “highly unattractive,” 7 = “highly attractive”). Finally, participants indicated their intention to buy products on the brand displays.

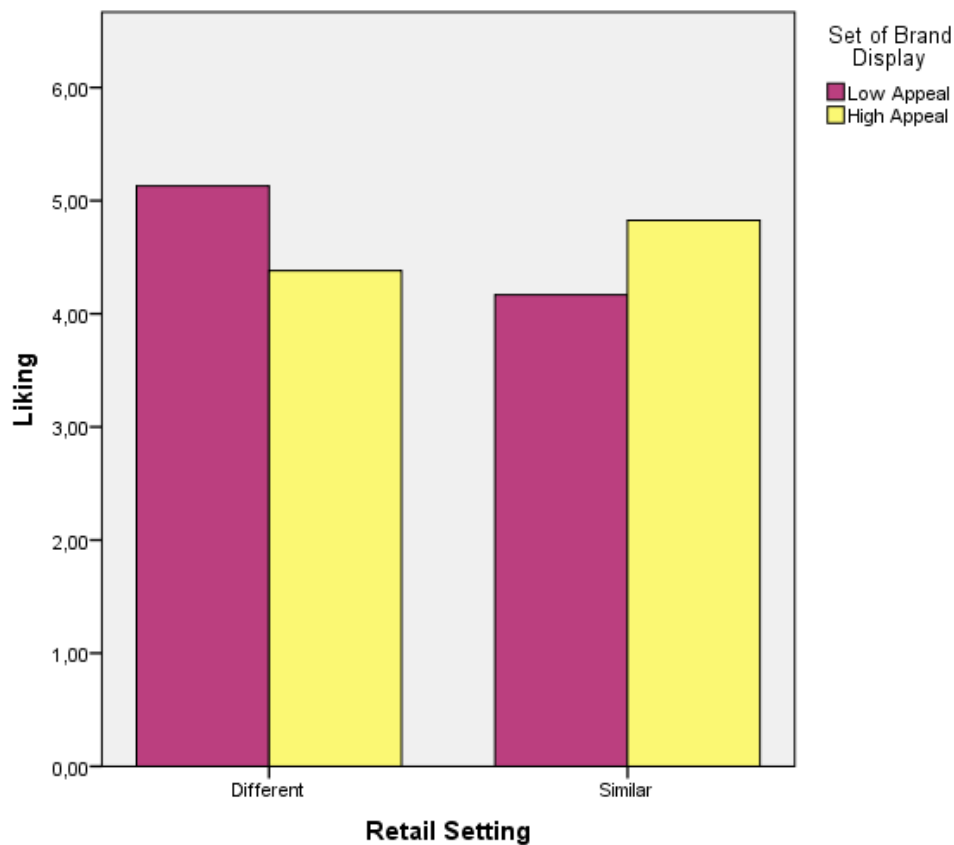
The final section of the survey asked for personal information, including gender, age, and style of reasoning. These variables had no significant impact on the dependent variables of interest and were excluded from further analysis.

### ***Manipulation checks***

In order to assess the success of our manipulations, we conducted a one-way ANOVA of the level of the sets displays on appealing, and one-way ANOVA of the retail setting on similarity. Analyses of variance revealed significant main effects for both manipulations. Running a factorial ANOVA with level of set displays and retail setting as the independent variables and congruity as the dependent variable indicated a significant effect of the retail setting x set of brand displays interaction term ( $F(1,87) = 3.55, p < 0.05$ ). We took these findings as evidence that our manipulations were successful.

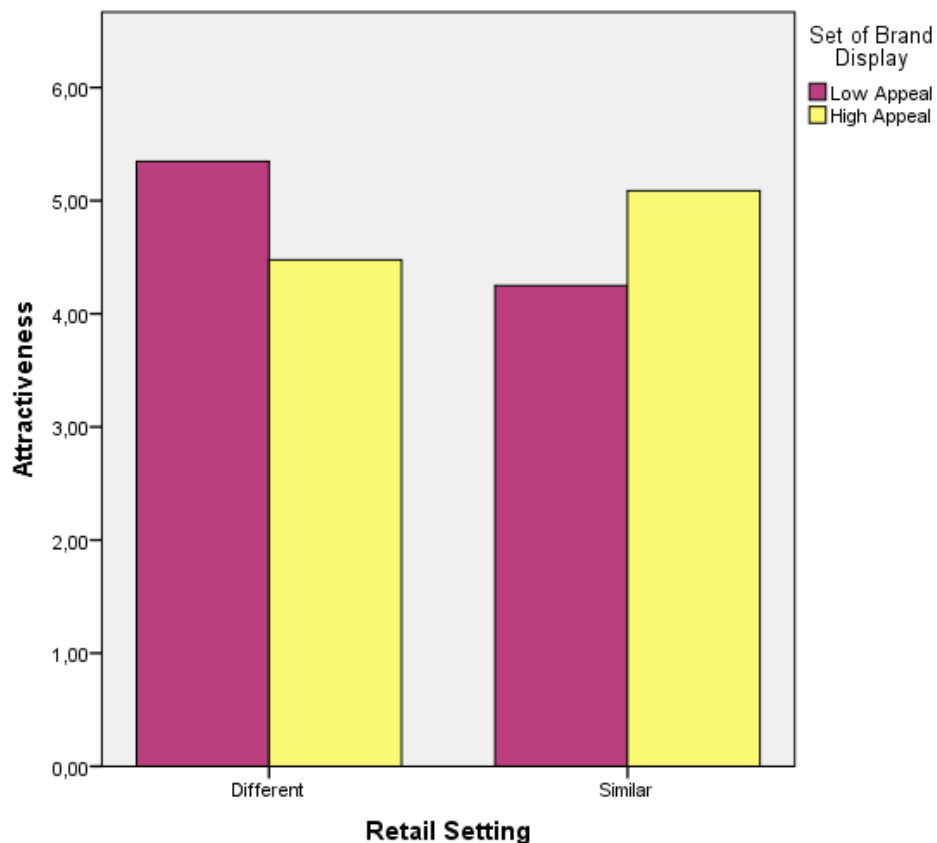
### ***Results***

*Liking.* We analyzed liking in a 2 (retail setting) x 2 (set of brand displays) between subjects analysis of variance. As we predicted, a significant of retail setting x set of brand displays interaction emerged ( $M_{\text{similar retail setting, high-appeal brand display set}} = 5.35, SD = 1.53$  vs.  $M_{\text{similar retail setting, low-appeal brand display set}} = 4.33, SD = 1.37$  vs.  $M_{\text{dissimilar retail setting, high-appeal brand display set}} = 4.43, SD = 1.21$  vs.  $M_{\text{dissimilar retail setting, low-appeal brand display set}} = 5.17, SD = 1.03$ ;  $F(1,87) = 10.69, p < 0.003$ ). Contrast analysis revealed significant differences between similar retail setting/high appealing brand display condition and the dissimilar retail setting/high appealing brand display condition ( $p < 0.05$ ). This confirms that, in agreement with prior research, consumers show a general preference for inherent aesthetic congruity (e.g., Althuizen and Sgourev, 2014; Orth and Crouch, 2014). There were no other significant effects. Figure 3 depicts our findings.



**Figure 3.** Study 2: The influence of brand aesthetic set and retail setting on liking.

*Attractiveness.* A similar ANOVA on attractiveness revealed a main effect of the interaction ( $M_{\text{similar retail setting, high-appeal brand display set}} = 5.09$ ,  $SD = 1.44$  vs.  $M_{\text{similar retail setting, low-appeal brand display set}} = 4.25$ ,  $SD = 1.26$  vs.  $M_{\text{dissimilar retail setting, high-appeal brand display set}} = 4.48$ ,  $SD = 0.93$  vs.  $M_{\text{dissimilar retail setting, low-appeal brand display set}} = 5.35$ ,  $SD = 1.07$ ;  $F(1,87) = 11.55$ ,  $p < 0.001$ ). As expected, within the incongruent condition, the low-appealing set of brand displays was evaluated more attractive than the high-appeal set of brand displays. Figure 4 depicts our findings.



**Figure 4.** Study 2: The influence of brand aesthetic set and retail setting on attractiveness.

*Purchase intentions.* We analyzed purchase intentions in a 2 (retail setting) x 2 (set of brand displays) between subjects analysis of variance. The results indicated a nonsignificant main effect of the brand displays-retail setting interaction. Retail setting had a marginal effect ( $F(1,89) = 1.87, p = 0.065$ ).

*Moderated mediation analysis.* To test the prediction that liking mediates the effects of the retail setting x set of brand displays interaction, we used a moderated mediation analysis with the bootstrap PROCESS macro method suggested by Hayes (2014). Conditional process modeling tests how an independent variable influences a dependent variable through mediator variables (Preacher et al., 2007). Specifically, using PROCESS Model 8 we estimated the conditional indirect effect of retail setting on purchase intentions through liking as the proposed mediator. Bootstrap estimation with 10,000 resamples revealed a significant indirect effect of the highest order interaction ( $M = 1.26, SE = 0.56, 95\% CI = 0.28, 2.45$ ). The

conditional indirect effect of retail setting on buying intentions was significant in the low-appeal set of brand displays ( $M = -0.67$ ,  $SE = 0.31$ ,  $95\% \text{ CI} = -1.32, -0.12$ ), but not in the high-appeal set of brand displays ( $M = 0.59$ ,  $SE = 0.43$ ,  $95\% \text{ CI} = -0.19, 1.52$ ). A similar estimation with attractiveness as the mediator showed a significant indirect effect of the highest order interaction ( $M = 1.69$ ,  $SE = 0.60$ ,  $95\% \text{ CI} = 0.66, 3.04$ ). In other words, liking and attractiveness mediate the influence of retail setting on buying intentions, but the former does so only in the context of low-appeal brand displays, not in the context of high-appeal brand displays.

### ***Discussion***

Study 2 findings confirmed the brand-retail setting effect on liking and attractiveness and the mediating role of liking and attractiveness on purchase intentions. Further, the results showed that, in presence of high appealing brand displays, an assimilation effect occurs in similar retail settings. In contrast, when the set of brand displays is low appealing, a contrast effect arises in the dissimilar retail condition. These results support the notion that a high level of brand design may lead to perceived suboptimal evaluations, but that this influence also depends on the retail context. In other words, a high appeal set of brand aesthetics may be perceived to hinder the liking and attractiveness of the target itself. Further, consumers may evaluate more favorably the low appeal set of brand aesthetics in a dissimilar retail context, but not in a similar retail setting. Interestingly, this pattern was even more pronounced when participants evaluated the attractiveness of the shopping environment. The mediating role of liking and attractiveness supports the moderation mediation mechanism, demonstrating that the interaction between the retail setting and brand design influences consumers' purchase intentions.

### **General Discussion**

Two studies demonstrated that the interaction between aesthetic design and contextual cues can alter the manner in which consumers respond to the consumption environment. We examined how the brand and the retail setting influence reactions to the consumption environment when the overall aesthetics design and the target products conflict, a situation

that does often arise (e.g., Godiva chocolates in Tesco, Illy coffee in McDonalds, and Dior in Boots are examples of discrepancies between the target product and the contextual environment). Our research extends previous work on visual complexity and aesthetic cues (Orth and Crouch, 2014) by demonstrating that behavioral outcomes depend on the interaction effects between the aesthetic design and the contextual congruency. We provide evidence that consumers solve conflicting brand aesthetics and retail settings in favor of the incongruent situation and less appealing brand settings, while congruent consumption environments may lead to suboptimal outcomes.

Each study pitted brand aesthetic design against purchase intentions to address whether brand aesthetics and retail setting pairing could influence how a person responds to the consumption environment. Study 1 revealed that when consumers encounter an incongruent retail environment, they will respond more favorably to the brand design low in aesthetic appeal than to the high appeal brand design. The study also showed that when brand aesthetics is paired with a congruent consumption environment, an assimilation effect occurs such that the brand design high in aesthetic appeal results to be preferred over the brand design low in aesthetic appeal. This result supported previous research that the cue of higher joint appeal makes the consumption experience more enjoyable (Orth and Crouch, 2014; Rahinel and Redden, 2013). Further, this study extends Meyers-Levy and Sternthal's (1993) findings by showing that high overlap between the focal products and contextual cues enhances an assimilation effect when the focal product presents a high aesthetic design.

Study 2 examined boundary conditions for the observed effect. Specifically, Study 2 provided additional evidence that the contrast negative aesthetic effect occurs only when consumers encounter dissimilar retail settings. In congruent environments, where the retail setting is similar to the overall brand aesthetics, an assimilation effect arises for high appealing sets of brand design. By separating the effect of brand design sets and retail settings the assimilation between brand design and context cues was attenuated. Moreover, our findings showed that in presence of a complex context of multiple brand cues retail settings affect consumer behavioral responses through the mediation effect of liking and attractiveness. This finding extends the literature on brand experience (Schmitt et al., 2009) and context effects (Zhu and Meyers-Levy, 2009) by showing that the coordination between multiple brands and the retail experience can significantly impact consumers' behavioral responses. Our findings provide evidence that the congruence complexity of a consumption environment can greatly impact



liking and attractiveness and, in doing so, consumer behavioral responses.

This research sheds light on how consumers combine retail and brand cues. By integrating research on product design (Bloch et al., 1995; Cox and Cox, 2002) and brand aesthetics (Hagtvedt and Patrick, 2014; Page and Herr, 2002), our work allows better crafting brand aesthetic design to retail strategies. Theoretical reasoning, based on aesthetic design research, processing fluency and contextual cues theories, builds a link on psychological and marketing research.

### ***Managerial Implications***

Together the studies provided evidence that the brand design and the retail environment pairing can play a fundamental role in the purchase decision. There are many visual cues that consumers utilize to make brand evaluations, some of them are critical to the overall evaluation of the brand and the shopping path. As in-store retail settings have grown in importance (Dennis et al., 2014; Inman et al., 2009; Shankar et al., 2011), brand manufacturers and retailers should properly manage these aesthetic cues.

Because companies have invested considerable funds in setting overwhelming in-store experiences, the appropriate combination of brands and retail settings is a critical managerial feature. For example, when retailers craft a congruent overall environment, they can decide to set a high or low appealing brand design. What guidelines are available for managers who are willing to create optimal solutions to the overall consumption environments? Our findings offer the following direction: first, brands can be sorted into high and low appealing sets within multiple areas of the retail environment. High appealing sets of brands may be located in a similar retail setting to generate an assimilation effect, which produces a more favorable consumer evaluation of the brands than located in dissimilar retail contexts. Due to the rise of assimilation effects, consumers overlap features of brand elements and contextual cues and process the cues pairing in a fluent manner, such that they perceive more positively the high brand aesthetic set. Conversely, managers may want to place brand sets of low appeal design in areas where the overall context produces a more pronounced congruence complexity to benefit from a contrast aesthetic effect.

Second, the challenges of coordinating brands and contextual cues can be overcome with strategies readily available to managers. The overall combination of brand and retail settings

depends upon the harmonization of activities between brand and retail managers, where consumers do not infer in the decisions. Just as important, this research indicates that these strategies may be not successful if brand manufacturers do not align their optimal solution with the contextual optimal solution. In this case, the managerial strategies we have discussed, may exclude some brands from the sets of brands among the retail settings. Brand manufacturers should focus on how the brand is paired with the retail environment, and properly opt for what brand design fits the retail context best. In an era of sophisticated manufacturing and retailing processing, our research gives managers suitable solutions to allocate in-store resources across multiple environments.

### ***Limitations and Future Research Directions***

Despite the importance of our findings to retail research and management, a few limitations need mentioning. First, this study uses digital images to be viewed on a computer screen implying that findings may not extrapolate directly to real displays. Future research could replicate and extend our experimental studies by testing the robustness of findings in a real shopping environment.

Second, researches may want to integrate our work with studies on verbal information (Hoegg et al., 2010) and sensory cues (Biswas et al., 2014). While our study lacks a direct link to sensory cues and verbal information, it is conceivable that some overlap exists between sensory cues and aesthetic designs of a consumption environment.

In addition, another limitation is that the analysis only focuses on the fashion industry. As such, more investigation is needed to analyze further consumption scenarios. Further research should examine our model on other dependent variables, such as willingness to pay, word-of-mouth activity, and product choice. We hope that our research will encourage work in these related areas.

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APPENDIX

Combinations of the Consumption Environment Presented to Participants in the Brand Aesthetics-Retail Setting Experiment

High-Appealing Congruent



High-Appealing Incongruent



Low-Appealing Congruent



Low-Appealing Incongruent



## **Conclusions**

Three research articles explore the relationships between brand experiences and retail environments in a customer perspective. The author takes a holistic approach to investigate the interactions among the actors at both ends of the marketing supply chain, which are brand manufacturers and retailers. In today's retail landscape, the essence of the brand is created and communicated both in monobrand points of sales fully controlled by the brand manufacturers and in a large number of indirectly controlled multibrand retailers. Whereas brand managers design most of the strategic implementations of the brand, retailers can increasingly create value to the brand via the creation of multisensory retail experiences. This challenging retail environment underscores the pivotal importance of comprehensive and coherent consumer experiences with brands. The purpose of this dissertation is to build novel theoretical insights by bridging the gaps in the existing brand management, customer experience management and retailing literature. Along with deep theoretical foundations, this dissertation provides fruitful managerial implications on the enhancement of shopping experiences across multiple retail environments and through effective brand strategies.

The present work extends research on brand experience management and retailing by offering a novel perspective on consumer response to brands across various retail settings. Three articles provide insights on those issues by adopting qualitative and quantitative methods, using both exploratory and experimental analysis. The findings demonstrate that the conceptualization of consumer experiences requires the understanding of how consumers simultaneously respond to brand and retail stimuli. In other words, while previous research examined consumer responses to the brand or the retail environment, this dissertation investigates when and to what extent integrated experiences between brand manufacturers and retailers are needed.

The first article provides an overview of the main issues related to brand management, hedonic consumption and customer experience management in the challenging retail landscape. It offers a framework that integrates insights from brand and retail literature, and leads to a holistic approach to harmoniously orchestrate multiple consumption experiences and magnify the brand experience across direct and indirect touch points of the brand. The second article focuses on the luxury brand management, and extends the findings of the first research article by adopting a store atmospherics approach to examine integrated consumption

experiences. This research takes an experiential and interactive view, and provides significant contributions to analyze the brand and the environment as interdependent elements. The findings reveal that consumers focus great attention on specific elements of the shopping environment, which mainly embrace visual aspects of the retail context. Specifically, the trigger elements are the congruence of the brand design across the various contexts of the brand, and the aesthetic fluency between the brand design and the overall retail environment. In the third research article, the author deepens the results of the second article, and investigates how the interaction between brand aesthetic design and contextual cues can alter the manner in which consumers respond to the consumption environment. Based on psychological and marketing literature, this research builds a conceptual model on the relationship between brand elements and retail environments, and explores the impact of brand aesthetics in diverse retail settings on consumers' purchase intentions. The results show an interesting mechanism underlying how the interaction between the brand and the retail setting influences consumer behavior in the consumption environment.

The importance of the present work lies in establishing a conceptual framework for attaining optimal interactions between consumers, brands and shopping environments. Prior research has predominantly studied the phenomenon of customer experience management on a piecemeal basis. Across the three research articles, this dissertation adopts a consistent holistic approach that portrays how consumers respond to consumption environments in the contemporary retail landscape. While suggesting available solutions to marketing managers, each article discloses the existing theoretical gaps to be filled and offers stimulating avenues for further research.