



THE ILLUSION OF LUXURY. AN INVESTIGATION OF THE ROLE OF ATMOSPHERE IN A MASSTIGE (DEMOCRATIC LUXURY) CONTEXT

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Agosto 2015

n. 5 / 2015

Sezione di ricerca
Management and Organization

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1. Introduction

Luxury goods have always represented, since their ancient origin, products that do not follow any of the basic rule provided by the traditional economic theory. Luxury follow its own rules, has its own characteristics and meanings. In any historical age, luxury survived and proliferated. However, over the years, also luxury world has gone through some important changes, that have reshaped the overall industry, posing new and complex challenges.

Over the last twenty years, economies have taken, at least in the more advanced countries, new roads: technological development, such as the exponential ICT growth and advances, have spurred the development of innovative products; at the same time, technology has allowed production systems to reach higher levels of standardization, producing increasingly larger quantity of standardized products, at a increasingly lower cost. Progressively, consumer markets for physical goods (such as cars, home appliances, personal computers) became saturated. In many industries where physical goods have reduced to commodities profits are sluggish, and margins tend to be thinner than ever. At the same time, technological developments have created new goods, and new customers. Advanced economies have shifted from being product-based economies to service based economies: the service industry is accounting for an increasing share of the overall economic activity. This is partially due to the fact that, for firms, it is more and more difficult to deliver consumers value, only basing on a physical products: technological advances, especially in certain sectors, have allowed to devise new, intangible offerings in which the physical product is no more necessary, and when it is present, it is only seen as a medium, as part of a wider bundle of elements. Luxury finds a strong contact point with the tendency depicted below. Increased standardization of productions systems has led to the production of relatively standardized products, leading to the so-called *commoditization of luxury*. In this particular case, intangibles become a matter of life or death for luxury brands: in order to survive and to be successful, first of all they need to be still *perceived* as luxury brands. Even if their products are relatively standardized, and retailing and distribution have expanded, the aura and charisma of exclusivity must be maintained and protected. And to succeed in that, intangible meanings, and messages need to be developed: the intangible meanings of luxury, and also the luxury *experience* becomes even more important than the product itself.

These concepts become particularly important in the light of the recent transformations of the luxury concept, that has gone through a process of *democratization*: some meanings, philosophies, techniques applied in the luxury world have been successfully applied to products that before were considered merely as commodities.

What matters, therefore, is that consumers are increasingly demanding bundles of emotions, sensations and intangible elements: they are demanding *experiences*. From this point of view, one of the primary elements that marketers need to take into account is devising and deploying *atmospherics*. Creating an atmosphere means creating a discourse, showing a way of thinking, a

way of reasoning: it is a fundamental way of expressing outside the essence of a store, of a brand, or a firm. The primary objective of this work is to provide an examination of the role of atmospherics in a specific context, that seems to be forgotten by literature: *masstige*. The analysis will try to understand the role of atmospherics (both of the store and of the external environment) on behavior of such type of consumers, that are moving, for the reasons that will be further analyzed, in a unique world, especially in the light of the recent, dramatic economic disasters.

The aim of the research is to focus on the importance of external environment, both internal and external, in a very peculiar context: democratic luxury. Due to the specific nature of the phenomenon, research presents little, or not at all, evidence about the role of atmospheric elements in this context. By now, we haven't yet established what is the role of environmental cues like temperature, colors, decor, or in-store music in a *masstige context*. *Masstige* itself was little explored: after the initial contribution of Silverstein and Fiske, that provided the first codification of the phenomenon, research has lost much of its interest in deepening the psycho-social dynamics underlying this unique phenomenon. In a similar trend, research on atmospherics and on external environment (Bitner's *servicescape*) has explored mainly service sectors like restaurant industry and, in general, in-store atmospherics. A huge gap appears to exist in the case of the democratization of luxury: albeit its introduction is relatively recent (dated at the beginning of 2000s) literature offers little or no contribution about the role of atmospherics in *masstige* contexts, and even of the basic mechanisms defining consumer behavior in these particular consumption situations. Another gap appears to be even more larger, also according to several authors (e.g., De Nisco and Warnaby, 2014): literature has very little explored, among the studies on atmospherics and external environment, the role of *external variables*, like, for example, urban design of the area in which a store is located. In general, only a wide investigation of in-store environmental cues, or mall design elements was provided.

This work, therefore, tries to give, at least, some suggestions for future research, trying to analyze the role of atmospherics, and the role of an external, urban context, on consumer behavior in the *masstige* case.

The topic will be analyzed through the examination of a specific sector: low cost jewelry. Also known with other names, such as *easy jewelry* or *fast fashion jewelry*, it can be said that this category of products is, definitely an Italian creation: the first firm that introduced this kind of jewelry goods, devising a new approach to jewels and to the distribution was, in fact, Morellato.

One of the most important competitors of Morellato still remains the Italian jewelry firm Stroili Oro. Headquartered in Amaro (Friuli Venezia-Giulia, Italy), the firm saw, in the last years, an important growth pattern, that has lead to increasingly higher number of retail points and increasing profits, and also to international expansion (especially toward Asian markets). Stroili Oro Group represents an emblematic case of the ability of Italian firms to survive and prosper also during thorough moments. In 2014, revenues have increased of about 5%, (220 million Euros), with 367 stores only on the Italian territory. Firm's products and its philosophy perfectly represent the essence of democratization of luxury, updated to post-2008-recession.

The present study focuses on Stroili Oro Group. A questionnaire have been developed and distributed in Stroili Oro stores; regression analysis have been then performed to offer some initial insights about the role of external and internal atmospheric variables on consumer behavior.

2. The evolution of luxury

Although literature was able, until now, to give a unique definition of the luxury concept, certainly we can state that luxury is something related to personality, taste, economic possibilities and rarity. Luxury is a word that evokes specific sets of concepts, like exclusivity, style, elegance, and also pleasure, hedonism.

And exactly this subjectivity might be the main reason why we still lack a unique definition of luxury. As Hoffmann and Coste-Maniere (2012) point out, «Most of us are able to recognize a luxury product, but we are unable to define the specific characteristics that contribute to the concept of luxury. This is because our perception of luxury is individual, it depends on our individual real-life experiences».

The roots of luxury are ancient. As Kapferer and Bastien (2009) argue, one of the first forms of luxury came from the ostentation of wealth inherited by the upper classes (e.g., kings), a way to preserve and perpetuate social distance. It is easy to imagine how, during the centuries, especially when aristocracies were the most powerful among social classes (e.g., France in the Eighteenth Century), this kind of social function has been consolidated and reinforced.

In 1899, the American economist Thorstein Veblen published his most important work, *The Theory of Leisure Class*. Veblen explained how neoclassical assumption of rationality (utility maximization) of the human behavior didn't reflect reality: human beings are obsessed with social status, and therefore direct their behavior towards maintaining (or pursuing) their social image and prestige. Hence, Veblen emphasized a different nature of consumption, that is, ostentation of wealth to communicate social status, the kind of consumption that he first defined as *conspicuous consumption*. Veblen also argued that, this kind of consumption was properly a characteristic of unproductive social classes, like capitalists.

Today, this peculiar consumer behavior is still relevant, and even strongly diffused among the upper, East-Asian classes, that want to express their new social status (Wong and Ahuvia, 1998).

3. New meanings for a new society

Over the years, then, we can affirm that luxury has developed mainly a social function, that is, communicate to others one's wealth, social status and economic power.

As time went by, the rigid and static subdivision of society tended to become more and more blurred, at least in principle. Human development reduced social differences: theoretically, every individual in the contemporary fluid society has the opportunity to succeed, to build the life he/she wants or desires.

Human development, therefore, have created a more democratic and fluid society, where social classes have lost much of the meaning they had in the past. It is therefore worth to ask: does luxury still have a strong social meaning?

The answer seems to be positive. Kapferer and Bastien (2009) report: "What has not disappeared, on the other hand, is Man's need for some form of social stratification, which is vital to him; he needs to know his place in society. Luxury, then, has this fundamental function of recreating this social stratification. Moreover, it does it in a democratic manner, meaning that everyone can recreate (up to a certain point) his strata according to his dreams – whence a new kind

of anxiety, that of freedom: before, the strata were known and respected; now hierarchical codes need to be recreated, and this produces a demand for advice on how to recreate them, placing the ‘ luxury brand ’ in a position of superiority with respect to its client, a notion that will have major consequences in luxury brand management. This is a necessary condition for the richest and most powerful people to crave for luxury brands.”

Paradoxically, then, human beings feel the need to differentiate from others in social terms: they feel the need to be part of a social class, and, moreover, they feel the need to communicate their social belonging to the others. Democratic society has allowed everyone to build its own belonging, trying to create (to some extent) the world they desire around them.

Nowadays, everyone can, in principle, buy a premium car, choosing among the multiple financial solutions supplied by manufacturers. The same can be said for home appliances (think about famous premium brands such as Whirlpool and Smeg), clothes, cosmetics, and food.

Moreover, as we will later see, luxury producers tend to be more and more focused on middle market, developing the so-called *masstige* brands, offering premium goods at an affordable price.

What for now is important to affirm, is that the social importance of luxury still exists, and is even more relevant than in the past, given the absence of “formal” social classes. This forces individuals to build up on their own their place in society: luxury, in this sense, is an indispensable tool.

4. From products to meanings

Over time, there was a strong shift in the focus of the inner content of luxury: from a product-centered view, where the most important attributes were those of the physical good (e.g., craftsmanship, rarity, quality of the materials, design, and so forth), to a different view where the emphasis is more on idealized and ethereal concepts. Dion and Arnould (2011) point out that luxury brands can be defined as *auratic*. This aura is shaped to a great extent by the figure of the leader, typically the creative director, that is able to convey its charisma to the brand, legitimizing it. In this context, Dion and Arnould consider the important role of magic for luxury brands: “First, magic is a system for managing the transfer of qualities through similarity and contiguity. Second, magic entails nondiscursive, embodied acts intended to persuade an audience of the efficacy of performers’ words and deeds. Third, it requires engaged performers with exceptional and charismatic characteristics.” (Dion and Arnould, 2011).

In this context, where the brand identity is shaped by these intangible elements, the role of retailing is fundamental. The authors hypothesize that “luxury retail strategy may be thought of as a system that brings together dimensions that include:

- the traditional ideas that luxury encodes rarity, scarcity and a high “ratio” of aesthetic value (workmanship and precious materials) to price, with the somewhat novel ideas that luxury encodes
- an aura of authenticity;
- bases legitimacy on an exceptional charismatic persona, that is, the artistic director who designs the products;
- expresses the creative leader’s charisma;

- advances a retail ideology anchored in a vision of beauty. Such elements may appear in other retail strategies, but it is their holistic organization that is unique to luxury retail.” (Dion and Arnould, 2011).

It becomes therefore evident that luxury is denoted principally by intangible meanings and attributes, such as uniqueness and prestige, heritage, evocative sensations and also philosophical meanings, that seem to be much more important than the product itself (Assouly, 2005). At the same time, once these intrinsic and idealized meanings assume the form of a specific product, whatever it might be, luxury is in any case still associated to some important physical or tangible qualities, like higher perceived price, excellent quality, and rarity (e.g., limited production; Kapferer & Bastien, 2009; Keller, 2009).

5. The democratization of luxury. *Trading Up*

In 1998, Nueno and Quelch explained how the demand for luxury goods was experiencing a dramatic growth. They identified as the primary drivers of such a growth some important changes in consumers: «Why has there been such a resurgence of luxury brand sales in 1990s? Renewed consumer confidence, rising stock market indices, growth in disposable personal income, and low inheritance taxes are fueling the demand. The suppression of ostentation, which characterized consumer behavior during the U.S. mini-recession of the early 1990s, is no longer evident. Expensive gifts are again been given, with a particular emphasis on quality and uniqueness».

Consumers, therefore, wanted to buy more and more luxury: brands were tempted to acquire all the possible advantages related to this unprecedented booming of the demand, exposing, the authors warned, to the risk of losing a part of their exclusivity and becoming a “non-luxury” brand.

However, the authors summarized the different distribution strategies of luxury brands, identifying three different trends in distribution (Nueno and Quelch, 1998):

- Contract distribution (to recover exclusivity);
- Expand distribution (democratizing the offering);
- Recovering distribution.

The important element reported in this work was that, a new wave of consumers was moving, not limited to high-end customers, but diffused to lower segments: given the exceptionally favorable micro and macroeconomic conditions, these consumers were expressing a stronger and stronger demand for quality, exclusiveness and luxury. For these reasons, almost two decades ago, luxury brands (at least, some of them) started moving down to the pyramid above, towards democratization, and trying to reach a wider customer base.

A different paradigm shift was occurring, that was excellently captured by the work of Boston Consulting Group executives Michael Silverstein and Neil Fiske. In 2002 they presented their extensive work on the new luxury, which culminated in their well-known and best-selling book, *Trading Up*.

Silverstein and Fiske provided some insights about these questions. In the 2002 BCG report and later on Harvard Business Review, they identify some major socio-economic changes that have brought to these new characters.

In particular, the authors documented those changes in the United States. Some of them were:

- «Travel has created more sophisticated global tastes» (Silverstein and Fiske, 2002);

- Higher real incomes (Silverstein and Fiske, 2003);
- «Higher level of taste, education and worldliness» (Silverstein and Fiske, 2003);
- Greater emotional awareness (Silverstein and Fiske, 2003);
- The increased social role of women: «sixty percent of all women work outside the home, contributing almost one-third of household income» (Silverstein and Fiske, 2002).

These individuals, men and women, are richer, have great self-awareness, and are very sophisticated. In a word, they are more *demanding*.

They are expressing «higher levels of quality and taste» (Silverstein and Fiske, 2003), also with respect to goods addressing basic needs. They are aware of their power to *choose*: «The buyers of new luxury are not slaves to brands. They are fiercely loyal when they choose to be, but they are also discriminating and know their needs» (Silverstein and Fiske, 2002).

These new consumers also highly value emotional relationships with goods and services, and strongly look at social role models and reference points. For example, «Martha Stewart and Oprah Winfrey have become enormously successful as product branders *and* role models by speaking to the emotional desires underpinning the new luxury, such as living well and in good taste, feeling inspired and optimistic, and finding happiness» (Silverstein and Fiske, 2002).

The emotional meaning of products is now more important than ever. The authors talked about of a sort of «love affair with products» (Silverstein and Fiske, 2003). In that sense, consumers have developed completely new personal and emotional needs. The authors defined them as the four «emotional pools» (Silverstein and Fiske, 2003):

- Taking Care of Me: looking for «ways to get a few moments alone, reward themselves after a tough day»;
- Questing: it includes «venturing out into the world, gaining new experiences, and overcoming personal limits. In the process, people learn new things, master new skills, and have fun»;
- Connecting: «involves finding, building deepening and maintaining new relationships»;
- Individual Style: it «comes from using the sophistication and currency of one's consumer choices to demonstrate one's success in life and express one's individuality and personal values. It is often associated with Connecting, especially mating, because people choose particular goods to send signals to prospective partners about who they are and what they are looking for» (Silverstein and Fiske, 2003).

According to Silverstein and Fiske (2003), the birth of new luxury was also triggered by the raise of new market players. In particular, the authors pointed out:

- As to the demand side, also producers have become more sophisticated: «entrepreneurs are better educated, more sophisticated, and more knowledgeable about their customers than even before, and they are less willing to create ordinary goods or lead dull business lives» (Silverstein and Fiske, 2003);
- The progressive polarization of retailing. On the upper side, with the expansion of premium retailers new-luxury products can reach more quickly and an increasing number of customers. On the lower side, mass merchandisers are able to offer, too, premium products, but with a unique value proposition: «it [mass distribution] offers them [consumers] the best products at the lowest prices» (Silverstein and Fiske, 2003);

- The possibility to access flexible supply chain networks and global resources: for entrepreneurs, it is easier and faster to «raise capital to search, develop and manufacture goods quickly as well as cost-effectively, and for companies to scale up volume when demand increases» (Silverstein and Fiske, 2003).

New producers, then, for new consumers. The result is the new-luxury goods, that Silverstein and Fiske categorize in:

- Accessible superpremium. These products are very close to the upper side of the market, but are still affordable for the middle market «primarily because they are relatively low-ticket items» The original examples the authors proposed included Belvedere vodka and Nutro pet food;
- Old-luxury brand extensions. In the past, these goods were the typically “old-luxury” goods. In the new-luxury era, new, less expensive versions of these products exist: they thus become affordable for the middle-market segment. A very explicative example may be the strategy of BMW and other German automakers: in the past, they were producer of both very expensive and iconic sedans and sports cars (e.g., BMW 5 series; Mercedes-Benz SL class). Gradually, German automakers started expanding “downward” their range, producing less-expensive, “premium” models like small-size wagons (e.g., C-class, 3 Series) and compact cars (e.g., BMW 1-series, Audi A3);
- Mass Prestige or “Masstige”. Probably the most relevant category of new luxury, «these goods occupy a sweet spot between mass and class. While commanding a premium over conventional products, they are priced well below superpremium or old-luxury goods» (Silverstein and Fiske, 2003). The key to understand the rationale behind masstige is *why* customers are willing to pay a premium price. We are not talking about highly expensive products: masstige goods can be shampoos, body lotions, even common drinks such coffee. These goods become masstige only if they are able to *appeal to customer’s emotions*. In this way, Starbucks doesn’t offer a hot drink, but offers a relaxing moment of pleasure; some skin creams like Kiehl’s Crème de Corps represent a delicate, personal care; Stroili Oro does not offer a jewel, but an expression of personality and style.

As noted by Truong (2009), more and more companies have tried to exploit this new business opportunity. Brands like BMW, or Polo Ralph Lauren, or Swarovski crystals started expanding downward their product range. These examples well explain the real essence of a masstige strategy: as explained by Silverstein and Fiske, they are able to be perceived as prestige goods but are, at the same time sold for a price that is affordable to middle classes.

Although masstige represents a good opportunity in terms of revenues, such a strategy also presents, at least, one major risk: brand dilution. Several authors have emphasized this important caveat, especially for luxury brands, for example, Dall’Olmo et al (2004) and Truong et al (2009).

In particular, Truong et al (2009) have emphasized the need to pursue a masstige strategy paying attention at maintaining both perceived prestige and, at the same time, limiting the access to masses: «ideally, middle-class consumers should have access to the brand only on an occasional basis. Brand dilution tends to occur when purchases from middle-class consumers become relatively frequent or habitual, making the brand widely accessible and therefore less exclusive».

6. Recent developments

The debate on new luxury, after an initial spark of interest immediately after the work of Silverstein and Fiske, hasn't been so widely expanded, and little or no empirical evidence exists about the perceptions of consumers with regards to this kind of consumption.

It is worth to note the exploratory study presented by Granot et al in 2013. In this study, the authors confirm, after a decade from the work of Silverstein and Fiske the relevance of new luxury, as a business opportunity for firms. They emphasized the extreme growth of middle class consumers, especially in developing countries, and highlighted the major importance of the phenomenon, especially among female customers (the study is actually based on female consumers only).

The personal, strong meaning of new luxury consumption is even reinforced in the study by the findings defined by Granot et al that emphasized some important traits related to new luxury goods consumption:

- Overall superiority: quality is important for consumers. «Popular opulent (populent) goods offer a high level of quality, better than conventional middle-market goods and often higher than “old luxury” goods»;
- Fashionable and cool: this kind of goods must be able to differentiate, express one's own identity, style and personality. «The emergent theme fashionable and cool expresses personal taste, differentiates the respondent from others, and helps demonstrate sophistication, discerning abilities, or success. Consumers thus use products to send signals about who they are and their goals. This theme also acknowledges the desires to appear “hip,” look stylish, and feel unique. Lingerie, fashion accessories, watches, and jewelry enable the participants, as consumers, to express their style, knowledge, taste, and values. Although our participants do not appear driven primarily by a desire for status, nor do they express uncritical infatuation with a brand name, they still care about the messages that goods and brands deliver about their individual style.»;
- Moonshooting and bottombarreling. Customers are willing to pay a premium price only if products are emotionally important for them, that is, if a strong, emotional bond between customer and products is created. At the same time, customers may decide to spend less in products toward which they remain emotionally indifferent.
- Signaling. These products can be a useful tool in order to express, or socially signal, one's own identity and personality in specific situations, for example, when looking for a partner. However, this can be seen as a specific side of a much broader meaning, that is, those products still have a social function. «According to our respondents, one way to do for, evaluate, or select a partner is to signal their identities and interests. Moreover, populent goods enable consumers to align themselves with other people whose values and interests they share—that is, to join the club»;
- Self-catering. This recalls the initial considerations of Silverstein and Fiske: new luxury goods are bought for oneself, in order to have a pleasant, self-fulfillment experience. «Self-catering implies indulging the self because “I'm worth it” and pampering after a tough day. Thus, the participant defines the concept clearly: “To me, luxury means treating myself.”

Buying luxuries is no longer a guilty selfindulgence; it is exercising a right and almost an obligation to help these consumers feel their best»

- Exploring. Trying new brands and goods is a pleasant experience for customers: they feel free to choose among different offerings and explore different experiences: «When seeking new experiences and experimenting with added identity dimensions, participants describe a sense of adventure and liberation from using and exhibiting populist goods. In addition, they appreciate the sense of freedom that comes with switching brands and consumption situations. [...] Exploring also provides participants with legitimate product trial and evaluation experiences. Unlike “old luxury” goods, displayed for their own sake, participants use populist goods to selectively choose the best performers to ensure their own usage and satisfaction»;
- Inconspicuous consumption. It emphasized the increased role of the “private side” of consumption in spite of the social aspect: «populce focuses more on private consumption, with selective and measured displays of goods to specific audiences».

Although very inspiring and still relevant after a decade, the original conceptualization of Silverstein and Fiske appears outdated, at least in terms of background and initial hypotheses.

Indeed, the original phenomenon was triggered by some positive, economic evolution for consumers, mainly based on higher incomes and an overall economic prosperity. But the 2008 economic downturn has produced opposite effects, with many people experiencing, maybe for the first time in their lives, poverty, or at least, harsh economic difficulties. It is clear that, in such conditions, the role of new luxury and the original meanings of it, are highly questioned.

Some research findings, have suggested a new way to consider new luxury, and especially masstige products.

Recent research (e.g., Shildrick and MacDonald, 2013; Hamilton, 2012) has shown the stigmatization of poverty in contemporary society (especially toward *individuals* considered as poor) and the negative feelings, such shame and frustration associated with it. Interestingly, given this attitude of society towards people experiencing economic difficulties and the increasing number of individuals coping with difficult financial and economic conditions, conspicuous consumption has changed its meaning. Hamilton (2013) has analyzed the paradoxical behavior of low income families that, in order to avoid being considered as poor, and to obtain approval by other people, use conspicuous consumption to increase their self-esteem and to maintain their social status.

Another interesting tendency, noted by O’Connor (2013) is that, at least low cultural capital (LCC) consumers show (surprisingly) sophisticated tastes for goods and lifestyles they cannot afford, and a tendency toward self-seduction, that is, nurturing their dreams and illusions for standards of living and existences they are not able to afford. Most of the time, those dreams and aspirations are shaped by media, and are a great source of frustration and embarrassment because of their actual lives.

It becomes therefore apparent the enormous potential for masstige after the strong economic downturn. Meanings have completely changed: from a hedonistic pleasure, or from a demand for

more quality, *masstige* has assumed a different connotation, that still remains both social and personal, but it is no more a matter of self-pleasure and arousal, but instead a way to self-misleading, by buying something that at least can be the only affordable way to feel part of a world one would be part of.

The social side of this consumption is still, and even more relevant than in the past: according to some studies (Chen, 2014) *masstige* products can be a way to remain in line with a certain social status, or at least appear to remain in line with a certain style, personality and status that actually economic difficulties have destroyed.

7. Atmospherics

Marketing literature has demonstrated, over the years, that one of the most important tool to shape customers perceptions is given by atmospherics.

Yet in 1973, Kotler provided a seminal contribution about the topic, providing powerful insights about the marketing potential of creating an atmosphere around consumers, recognising that they are not just buying because they *need* it, but also for other, complex, psychological reasons, on which the external environment is able to have a strong, influential role. Kotler was also one of the first that tried to give a definition of the concept, and to recognize the complex and multifaceted nature of atmospherics, that is made of different components.

Research concentrated also in understanding the complex dynamics underlying the effect of external stimuli on consumer behavior. A cornerstone work, that would have inspired entire streams of research, came from environmental psychology and was provided by Mehrabian and Russell, that in 1974 developed their Stimuli-Organism-Response model. The model developed by the two scholars tried to address the complex matter of understanding the emotional impact of environmental stimuli (including then Kotler's atmosphere). The model describes how, environmental characteristics (stimuli) are able to influence individual approach and behavior (organism). The relationship between stimuli and organism leads to three different categories of internal emotional responses (response). Pleasure-displeasure, arousal-nonarousal, and dominance-submissiveness. Hence, according to the framework, the various social and physical stimuli that are present in a shopping environment directly influence individual emotional states; the overall influence depends on personal characteristics, such as personality. Emotional states, in turn, influence individual behavior *within* the environment.

Finally, a cornerstone in research on atmospherics was provided by Bitner, that provided a fundamental extension of the M-R model. In this study, the author gave first a complete explanation of the multiple effects of the *physical* facilities of an organization, able to generate complex interactions not only with the company customers, but also with the company employees.

Directly stating the predominant role of physical appearance and surroundings in the service sector, Bitner properly introduced the concept of *Servicescape*, or the physical environment, crucial especially in a service context. In such contexts, «customers as well as employees often experience the firm's facility.» (Bitner, 1992) According to the author, different types of companies confront different challenges for what concerns *servicescape*. In fact, dealing with *servicescape* (or designing physical spaces) might present different issues depending on the specificities of the organization: in

this sense, Bitner first provided a typology of service organizations, in order to better identify the specific issues that different service firms have to deal with in designing physical environments. With the increasing predominance of services and intangibles in global economy, research on atmospherics has gained more and more attention in the last years, with a lot of extensions and applications of the models reviewed above.

8. The survey. Stroili Oro Group

The evolution of the former Stroili Oro (established in 1988), Stroili Oro Group was created in 2006. The company, resulting from the merging of Stroili Oro and Franco Gioielli (founded in Turin in 1987), has become, over the years, the first Italian jewellery retailer, both in terms of revenues and number of retail stores.

The firm operates a directly-operating sales channel. Although in the last years the firm has increasingly focused on the development also of city centers, distribution remains overwhelmingly concentrated in shopping malls (almost 90%). Today, 367 stores are currently operating. The other surviving brand of the group, Franco Gioielli, operates 70 stores located in shopping malls.

The brand Stroili Oro represents the classic-modern, upper class brand, characterized by sophisticated product lines, in which jewellery products are more relevant. Style and materials employed make the brand the optimal choice for the more demanding customers.

The other group brand, Franco Gioielli is characterized by young style, with fashion-oriented collections, focused on silver and stainless steel products. In 2015 brand operates 70 stores. Along with private labels, both brands market also other prestige brands.

The major competitors of Stroili Oro are those chains operating in shopping malls too: Histoire d'Or, Bluespirit, Oro Fino, Fabiani, and Swarovsky.

9. Statistical techniques

Model hypotheses were tested on a sample of 488 customers. Particularly, 234 were interviewed in shopping malls; 254 customers were instead interviewed in urban contexts. As reported in Table 1, data collection was carried out in different stores, located in Lombardy, Veneto and Friuli Venezia-Giulia.

In the first part, the survey consisted of nine sections with several questions aimed at appointing servicescape, satisfaction and behavioral intention in a new luxury context. Section were defined as follows:

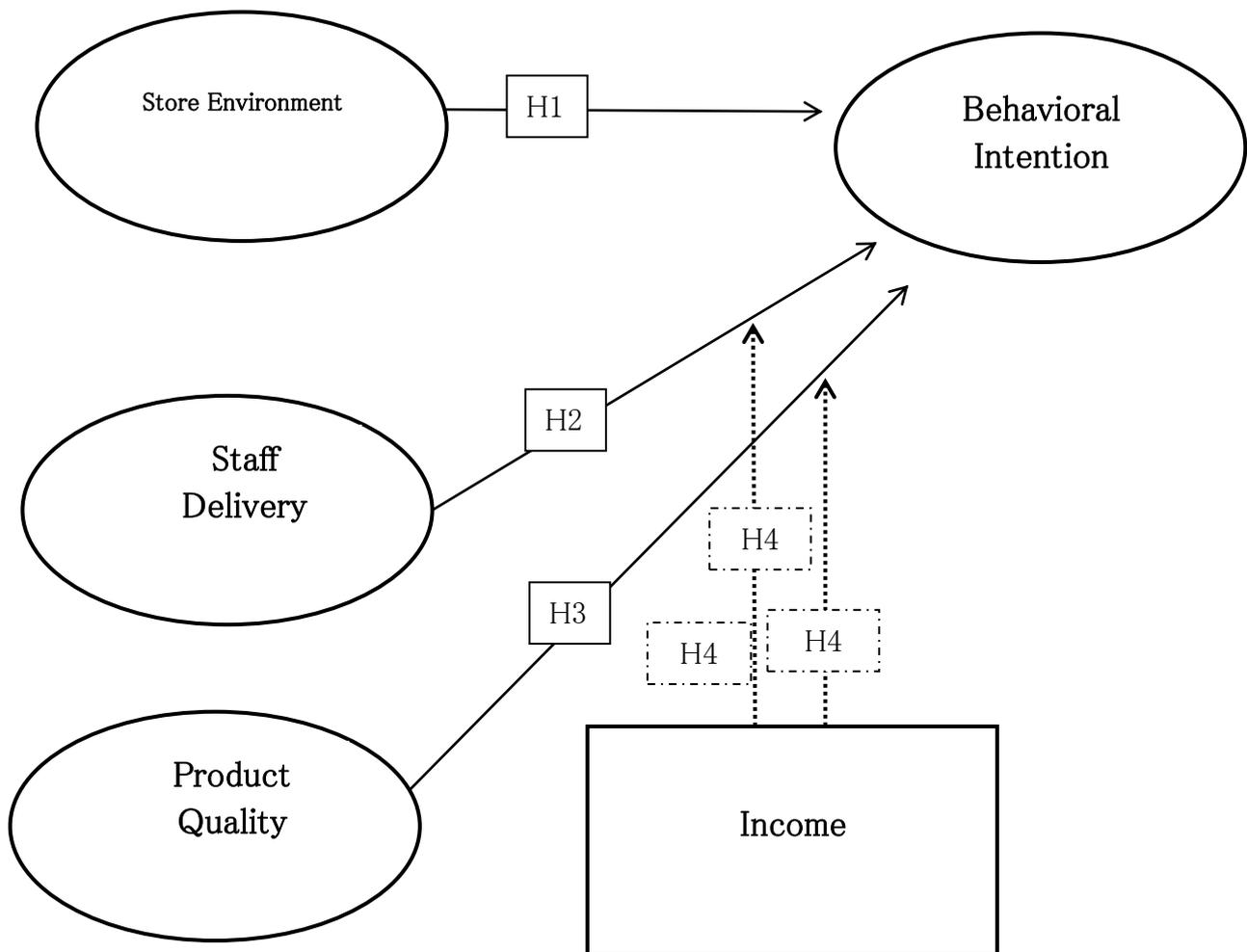
1. Atmosphere
2. Product quality
3. Service quality
4. Perceived value
5. Behavioral intentions
6. Perceived satisfaction
7. Positive emotions

8. Negative emotions
9. Socio-demographic aspects.

Except for socio-demographic aspects, a 7-point Likert scale was used (1=complete disagreement; 7=complete agreement).

The exploratory factor analysis with varimax oblique rotation approach was used, to identify each of the four latent dimensions of the survey (Store environment, staff delivery, product quality, and behavioral intention). This is useful to obtain a reduction of the original data in latent factors, obtained as a linear combination of original variables with minimum loss of information. After testing the normality (Kolmogorov-Smirnov test), the output of exploratory factor analysis identified 4 factors. The reliability of each factor was positively analyzed by the Cronbach's alpha coefficients and summarized in table 3. The tested model is depicted below.

Figure 1. The tested model. Source: Authors' own elaboration



10. Hypotheses development and regression analysis

Several other studies have investigated the role of store environment in influencing the consumers' perceptions and behaviors. For example, Wakefield and Blodgett (1996) showed that «servicescape has a relatively consistent and strong effect on the length of time customers desire to stay in the leisure service setting and on their repatronage intentions.». Results suggested the even more crucial importance of external environment on behavioral intentions in hedonic consumption.

Hightower et al (2000) confirmed Wakefield and Blodgett's results, adding that «the servicescape has a positive and significant effect on positive effect, which is directly related to behavioral intentions. In addition, the servicescape positively influences perceptions of service quality, which in turn impacts value perceptions. Value perceptions act to influence positive effect and behavioral intentions». Moreover, Parasuraman et al (2002) report that «the significant and consistent influence of design cues on shopping experience costs, especially psychic costs, underscores the need for retailers to give careful consideration to store design features (e.g., store layout, arrangement of merchandise). These features have great potential to influence would-be shoppers' psychic costs and therefore their shopping experience and store patronage behavior».

This leads to the first hypothesis:

H1: store environment (i.e., music, lights, temperature; internal layout, internal design; colors and furniture) have a positive direct effect on Behavioral intentions (i.e., visit again, encourage friends and relatives, say positive things; repurchase).

The extant literature suggests that service delivery support the delivery for superior service (Lytle et al, 1998). Several studies have emphasized the role of building a positive service climate. For example, a study by Mittal and Lassar (1996) reported that «Personalization —the social content of interaction between service providers and customers— was shown to significantly influence customer perceptions of overall service quality and patronage behavior. thus, positive service climate leads to customers' behavioral intentions. [...]If there is a human encounter in a retail or service transaction, the manner in which employees relate to their customers plays a significant role in business success. Personalization —the positive social content in service encounters— is the reason why customers seek familiar, likable, friendly service providers and retail clerks. Positive personalization from retail workers and service providers who assist a customer more than as "a job," who enjoy being with customers, exude enthusiasm and send out personal warmth in service encounters can offer their customers a personally rewarding shopping and service experience». Thus, a positive service climate has a strong influence on customers' behavioral intention.

This leads to the development of:

H2: staff delivery (i.e., staff helpfulness; staff meeting expectations; staff kindness and friendliness; staff interaction) have a positive, direct effect on behavioral intention (i.e., visit again; encourage friends and relatives; say positive things; repurchase).

H3: product quality (i.e., product design; fashion; product range; product quality) have a positive direct effect on behavioral intention.

Considering the specificity of masstige contexts, in which the accessibility component plays a major role, we take into account income as a moderator. According to Gonçalves and Sampaio (2012) «Income has a major impact on consumer decisions (Zeithaml, 1985). Consumers with a higher income have fewer restrictions, making them less loyal to a brand than customers with a lower income (Zeithaml, 1985).» This leads to the fourth hypothesis:

H4: Income has a moderating role between the internal service environment (or service delivery or product service) and the customer's Behavioral Intention (i.e., Visit Again; Encourage Friends and Relatives; Say Positive Things; Repurchase).

The regression analysis was conducted in steps. First the main effects of the servicescape (i.e. store environment; Staff Delivery, Product Quality variables) were entered first (i.e., model 1, Table 1); then income moderator variable was added to test for main effects (i.e., model 2); and finally the interaction terms of the servicescape variables and income was entered as a block (i.e., model 3).

Table 1. Constructs and measurement items. Source: Authors' own elaboration

Factor labels and statement	Factor loading	Eigenvalues	Per cent of variance	Alpha coefficient	Test KMO
Store Enviroment (SE)		3,65	45.66	0.824	0,857
A1 music	,551				
A2 lights	,699				
A3 temperature	,547				
A4 layout	,773				
A5 Internal Design	,671				
A6 Colours	,788				
A7 Furniture	,690				
Staff Delivery (S Del)		2.26	56.61	0.716	0.731
Q 13Helpfulness	,578				
Q15 Met expectation	,834				
Q16 Kindness & friendless	,770				
Q17 interaction	,801				
Product Quality (PD)		2.38	59.62	0.750	0.696
P9 Product Design	,550				
P10 Fashion	,760				
P11 Gamma of products	,872				
P12 Product Quality	,863				
Behavioural Intention (BI)					
BI20 Visit Again	,792	2.33	58.47	0.763	0.766
BI 21 Encourage friends & relatives	,816				
BI 22 Say positive things	,729				
BI 23 Repurchase	,717				

Following the procedures suggested by Cohen and Cohen (1983), a Hierarchical Moderated Regression Analyses (HMRA) was performed to test the hypothesized relationships. The hierarchical approach is appropriate when analyzing multiplicative terms in regression analysis or, more generally, when analyzing highly correlated independent variables (Bagozzi, 1984; Cohen, 1978; Cohen and Cohen, 1983).

The validity of the procedure has been shown mathematically (Arnold, 1982; Cohen and Cohen, 1983) as well as in computer simulations (Stone and Hollenbeck, 1984). In each step of the hierarchical analysis the incremental R^2 and F tests of statistical significance are evaluated (table 16). An interaction effect exists if, and only if, the interaction term gives a significant contribution over and above the direct effects of the independent variables (Cohen and Cohen, 1983). As shown in table 16, to test the hypotheses, we first added the independent variables (main-effects-only, model 1), then the interaction terms (model 2), and finally the one-way interaction term (model 3).

Table 2. Moderate regression. Source: Authors' own elaboration

	MODEL 1	MODEL 2	MODEL 3
Main Effects			
Store Environment (SE)	0.480**	0.478**	0.107
Staff Delivery (S Del)	0.280	0.026	0.045
Product Quality (PQ)	0.252**	0.247**	0.148 [†]
Moderator			
Income (INC.)		-0.064 [†]	-0.081*
Interactions			
Store Environment x (INC.)			0.406**
Staff Delivery x (INC.)			0.492
Product Quality x (INC.)			0.089
F	107,235**	81.638**	50.741**
R^2	0.400	0.404	0.426
Adjusted R^2	0.396	0.399	0.417
R^2	0.400	0.004	0.022

** $p < 0,01$ * $p < 0,05$ [†] $p < 0,10$ (two-tailed)

The test for interaction was carried out using the ModGraph program (an excel version program) by Jose (2008); which is based on the works of Field (2006) and Aiken and West (1991). Interaction graphs were generated using the mean values and standard deviations of both main effects (centered variables) as well the unstandardized regression coefficients so as to confirm the existence of interaction effects (Jose, 2008).

11. Findings

The plots were constructed by plotting different scores of the variables. For this, Jose's (2002) Excel version of ModGraph program for categorical variables was used. Following the recommendations of Aiken and West (1991), simple effects tests were conducted to determine whether the slopes differed significantly from zero.

For each significant interaction, Jon's (2008) ModGraph program was used to generate figures describing significant interaction. These plots are shown in figures 28-30. Income is a dummy variable that is equal to 1 for income higher than 1500 €; and that is equal to 0 for income up to 1500 €.

Figure 2. ModGraph elaboration for the Product Quality variable. Source: Authors' own elaboration

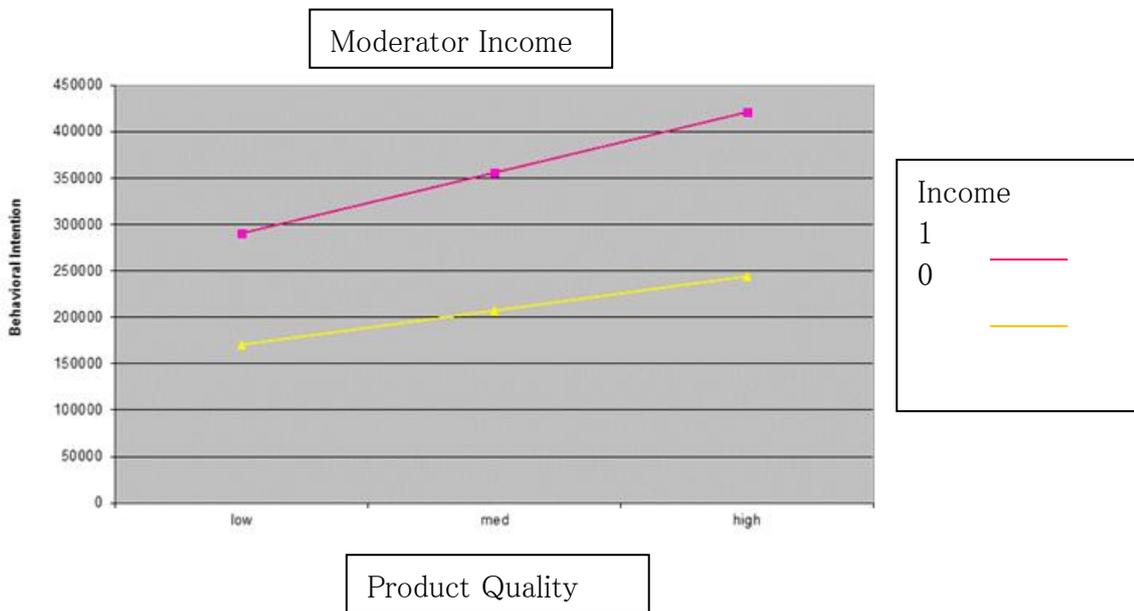


Figure 3. ModGraph elaboration for the Staff Delivery variable. Source: Authors' own elaboration

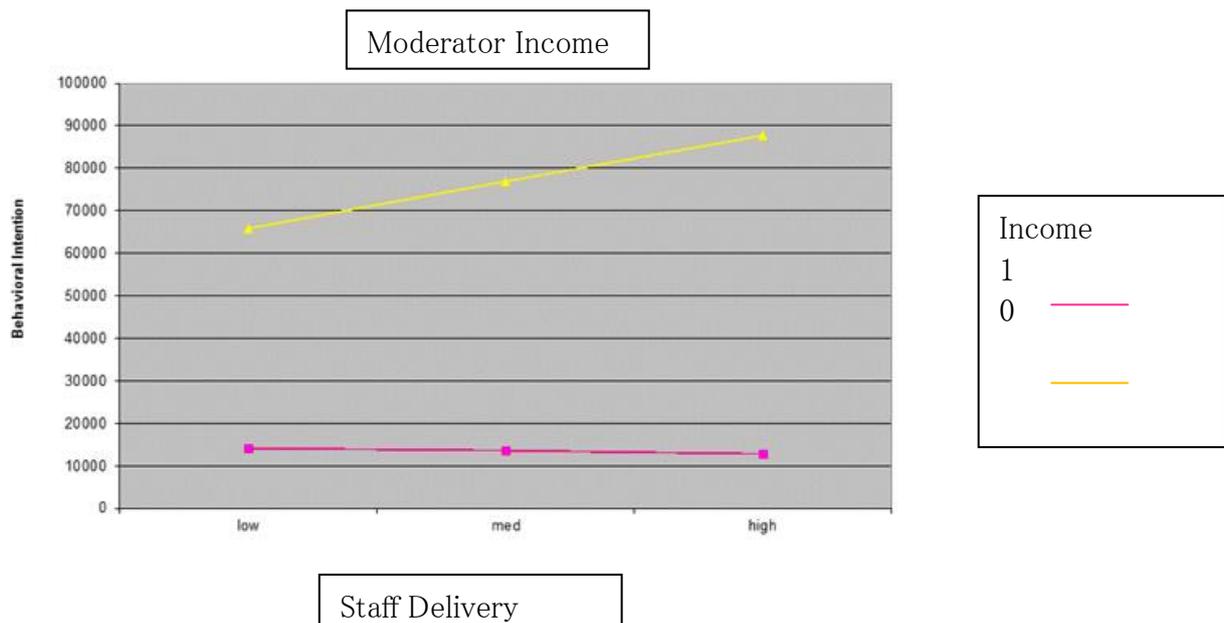


Figure 2 shows how product quality is positively related to behavioral intentions, especially in the case of higher incomes; figure 3, instead shows that a positive relationship is present between perception of staff delivery and behavioral intentions. This relationship appears to be stronger in the case of lower incomes.

Figure 4. ModGraph elaboration for the Store Environment variable. Source: Authors' own elaboration



Figure 4 shows how the perception of store environment is more positively related to behavioral intention in the case of consumers with higher incomes.

12. Conclusions

The findings provide several managerial implications. The fundamental premise of the proposed model is that retailers should understand comprehensively the critical factors necessary to achieve high service quality that will significantly impact on customers' satisfaction and loyalty, and use them as diagnostic information. By recognizing and analyzing relevant moderating variables (i.e., income) retailers will be better able to formulate and implement their strategic plans.

The interpretation of the research model has the potential to help retailers better understand how customers assess the quality of service and how their service campaigns influence customer satisfaction and loyalty in different ambience. A better understanding of the relationships between service quality and loyalty is important for retailers in order to effectively allocate their resources and develop a rational plan to improve their service quality under specific business circumstances.

The results suggest that the all the three main dimensions of servicescape have a positive influence on behavioral intention. Specifically, the link between the three dimensions of servicescape and repurchase behavior is contingent on the moderating effects of income. In the case of higher incomes, the relationships between store environment, product quality and behavioral

intention are stronger; further the service delivery-behavioral intention link is weaker.

Our survey has shown that the perception of store atmosphere still appears to be stronger in the case of consumers with a higher income. This makes sense: higher income consumers are used to shop in fashion -and even luxury- boutiques, and in general in contexts where they emphasize not so much the economic or functional attributes of the offering, rather, instead the purely hedonistic part of consumption experience, seeking emotions, prestige, and pleasure.

On the other hand, lower-income consumers put a greater emphasis on more "practical", material attributes of the offering, like the quality of the interaction with sales staff. This also makes sense: lower-income consumers tend to be involved in more every day, utilitarian consumption activities, like food shopping, in which the quality of interaction is perceived as an important part of the selection of products. In other words, lower-income customers are more concentrated on the essential attributes of products, and are not accustomed at looking for excitement and hedonistic pleasure in consumption contexts. In some sense, they need to be *educated* at exploring new, more sensorial dimensions of consumption.

Hence, it appears that masstige has a strong potential to be developed, especially among the growing amount of lower-income customers. Although more empirical and theoretical research is needed, the reported data show marketers and managers that a stronger effort is needed, both in planning and developing environments and communication, in order to modify the mindset of lower-income customers, in order to provide new perspectives, that, if developed, can be translated in higher revenues, especially in the case, as noted above, of high-involvement goods.

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