Key Dimensions of Luxury Fashion Retail Atmospherics in

Chinese Market

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Abstract

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As China has become the third largest luxury spender in the world, luxury retailers are constantly battling in the market. Retailers have to attract more customers to meet their demands, expectations and needs in order to grow in the market. The purpose of this dissertation is to provide a great understanding of the relationship between the specific nature of luxury store environments and the perception, motivation and behaviour of Chinese consumers.

The purpose of in-store atmosphere is to establish a superior environment in order to encourage customers to have sentimental feelings for obtaining positive response. This study uses stimuli – organism – response (S-O-R) model to interrogate how luxury fashion retailers design store atmosphere to influence consumer’s affective, cognitive and behavioural response. This study also investigated the difference between generation Y and generation Z in behaviour within a shopping environment. A sample of 150 participants spanning ages 18 to 38 and consisting four tiers of cities, participated in this study.

The research found that consumers had higher expectations on luxury in-store environment than general stores. The study also found younger generation of millennials (18-23) would be influenced more than generation Y (24-38) with respect to in-store environment. Moreover, the results showed that environmental stimuli did have influence upon consumer’s affective, cognitive responses which would lead them to make approach or avoidance behaviour. However, in this research, the results showed that hierarchy of city has no effect on consumer behavioural response.
This research provided a detailed understanding of in-store environment literature, and applied the theories to Asian market, to be more specifically, Chinese market. The findings enabled retailers to understand the priorities of in-store environmental stimuli for Chinese consumers.

Key words: China, luxury, environmental stimuli, in-store environment, affective and cognitive response, consumer behaviour, millennials, city hierarchy, gender.
Declaration

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Chapter One: Introduction

1.1. Context

Luxury market has been growing dynamically in a wide range of consumers over the world, and the availability of luxury goods in the market are getting more than ever before (Wiedmann, Hennigs and Siebels, 2007). The main contribution if this chapter is to develop a deep knowledge of the luxury fashion development in Chinese market and the current situation of Chinese luxury goods consumption.

A long-term plan called Five-year Plan has been applied to China’s economy from command economy to mixed economy (i.e. market-orientated economy) (Tan, 2017). One of the major actions of ninth five-year plan from 1996 to 2000 was the initial point of this path (Yan, 2015). According to China Report (1996), the target was to establish a basic socialist market economic structure under the macro-control of central government allocating resources. Since then China has never stopped its way to achieve the transformation to complete market-orientated economy.

Command Economy, which is an economic form that central government makes all the economic decisions. All the production approaches and domestic land are owned and controlled by the central government. The laws of supply and demand would not be operated in command economy (Amadeo, 2017). Mixed Economy refers to the market that combines command market and traditional market. Mixed economy includes three market economy characteristics: firstly, it allows the laws of supply and demand for free market to determine the prices; secondly, a mixed economy is driven by motivated self-interest of the individuals; thirdly, it protects private properties (Amadeo, 2017).

Five-year Plans are a series of economic and social development initiatives (Mack, 2016). In 1953, Mao Zedong embraced the first five-year plan from Soviet aimed at transforming
China previously as a country that underdeveloped manufacturing, infrastructure and heavy industry to a country with modern industrial power (The Economic Explains, 2015). By 1956, the central government owned two thirds of the industrial enterprises and jointly owned the remainders (Cairns, 2015). Cairns (2015) additionally illustrates that central government had the monopoly on grain which caused dissatisfaction in rural areas.

1.1.1. 1966 - 1976 (Cultural Revolution)

Chinese economic development had been through a tough stage in 10 years Cultural Revolution (also called Great Proletarian Cultural Revolution) from 1966 to 1976, initiated by Mao Zedong, who was the Chairman of the country (Stanzel, 2016). Mao propagated a belief of getting rid of “Four Olds” which included old customs, old culture, old ideas and old habits (Phillips, 2016). Stanzel (2016) states that students were encouraged by Mao to carry out the destruction of the “Four Olds” that the student movement was named the Red Guards. The Red Guards at that time was groups of militant students to attack and destroy every traditional value including science research, literature, art, education and religion (BBC News, 2016). The most salient campaign in Cultural Revolution was Great Leap Forward for the purpose of catching up with the economy of the western countries (Akbar, 2010). However, the activity was obviously unachievable due to unrealistic goal and undeveloped technology (Phillips, 2016). Eventually the Great Leap Forward caused unbalanced development to China’s economy for years and domestic economy was close to the edge of economic bust (Stanzel, 2016). Whereas Phillips (2016) believes that the Cultural Revolution has twofold influences: on the one hand the revolution indeed caused negative effect to domestic economy; however, on the other hand it gave the leaders an opportunity to alter the disaster, to reform the economy and to lead the economy to the right path. Phillips (2016) additionally states that without the Cultural Revolution, there would not be a right decision to provoke redevelopments of economy, social relations and international relationships.
The Great Leap Forward (1958 - 1960) was a campaign that undertaken by Chinese Community Party (CCP) on the purpose of applying labour-intensive methods rather than machines and capital expenditure to industrial and agricultural problems (Dikötter, 2016). Over the years, the Great Leap caused serious environmental problem by chopping down the forests, in addition, nearly all of the farmers were sent to produce steel and the crops were left to rot (Szczepanski, 2017).

1.1.2. 1978 - 2000 (Chinese Economic Reform)

In 1978, two years after the Cultural Revolution, more importantly, after Mao’s death, various reforms for the country had arisen (Huenemann, 2013). In 1960s American President Richard M. Nixon arranged his Secretary of State Henry Kissinger a visit to China, which the approach for China to open to the world was successful. China got rid of the influence from Soviet sphere and eventually opened up to the western world and the rest of the world. Also, China modified the political economy to a unique system of private enterprise market economy and a one-party political system (Kamrany and Jiang, 2014). Chow (2004) states the fact that in 1978, the total value of the country exports and imports was only 7 percent of the national income. In order to reform the economy, develop technology and provide a brighter future to next generation, Chinese leader Deng Xiaoping began an ambitious programme called Chinese Economic Reform, which aimed at increasing foreign trade in order to raise the rate of foreign investment growth (BBC News, 2006). Xiamen, Shantou, Shenzhen, Zhuhai and Hainan at that time were chosen to be the cities that offered foreign investors the tax concessions in order to obtain technical knowledge and revenue (Huenemann, 2013), which the cities are called special economic zones (SEZs) (BBC News, 2006). Huenemann (2013) additionally illustrates that in early 21st century the economic reforms had some opposite subject with Chinese Communist Party (CCP), however, there is no doubt that the reforms have transformed the highly-centralised Soviet-style planning in
economy and industry to opening-up orientation, which increased China’s economy rapidly in 1980 and 2009, resulted in 9.7 percent in real gross domestic product of average annual growth, and in 2001 China made success to enter into World Trade Organisation (WTO). In 1984 the reforms were authorised to expand to the whole economy especially the urban area (Tisdell, 2008). From 1987 to 1998 nearly a decade of promotion in imports and exports, the foreign trade had increased to 25 percent and 37 percent of gross domestic product respectively (Chow, 2004). Although adjustments were required by the different situations where the issues emerged in the country, most of the important policies were continually applied for the future economic structure in China, which were led by the leaders named Jiang Zemin and Hu Jingtao after Deng Xiaoping (Tisdell, 2008).

SEZs (figure 1.1) were the first developed economic policy in 1980 under Deng Xiaoping’s Open-Door Policy in order to encourage overseas investment in China to increase the economic growth (Internships China, 2016). Shenzhen, Zhuhai, Xiamen and Shantou were the first four southeastern coastal cities that were chosen to be the special economic zones, which can develop infrastructures without being approved by central government, additionally incentive tax offer has been allowed for foreign investors (Britannica, 2009).

Figure 1.1 China SEZs
(BBC News, 2006).
1.1.3. Open-Door Policy

Under the various policies of Chinese Economic Reform, Open-Door policy particularly encourages foreign trade and investment (Huenemann, 2013). As mentioned above that the imports and exports for the total value of the country was only 7% of the national income (Chow, 2004). He further illustrates that under Open-Door policy, infrastructure in Shenzhen and Hongkong economic zone was built in 1982. Foreign investors started to enter into Chinese market to take advantage of the skilled and inexpensive labour, in addition received the special tax concessions, which brought Shenzhen from a farmland city to a modernised city in less than a decade (Tung, 2005). With the data given by Chow (2004), Foreign investment in China had been increased approximately 30 billion dollars between 1978 and 1998.

It is worth mentioning that the educational system had been reformed and universities were re-opened after the Cultural Revolution (Chow, 2004). After the enrolment of schools, colleges and universities decreased dramatically during Cultural Revolution, the national government modelled universities into special technical training schools and the graduates were required to allocate to different areas for the related jobs (Gale Group, 2001). Ching (2011) demonstrates that after the education had been reformed, people from different social classes were having passion to gain new knowledge from outside China. Chow (2004) describes the fact that professionals from outside world especially western world were invited to be in universities and colleges lectures. Students could be sent abroad to study more advanced technologies with their own will. English as a modern language had been adopted at the schools, which laid the foundation for generations to communicate with most countries of the world (Gale Group, 2001).
However, when China opened door for the world also means the domestic economy will be influenced by macro-economy. During the Great Recession between 2007 and 2009, the exports in China decreased 15 percent to 18 percent which caused nearly 23 million populations to be unemployed (Jiang, 2015). Sadeghian, White and D’Arcy (2013) demonstrate that the reason why the growth in China slowed down during global financial crisis was because of the weak external demand for the products that exported from China. Fortunately with the effective economic and political implementation of domestic stimulus, China escaped from the macroeconomic recession, additionally investment activities were taken place which made the achievement that the economy was recovered in 2009, economic growth increased 10 percent in 2010 and 98% of the unemployed found jobs and the unemployed rate dropped to 4 percent (Sadeghian, et, al., 2013). On 2015 World Chinese Economic Summit, former Vice Premier of China H.E. Zeng Peiyan stated that China’s economy had shifted to domestic demand-driven economy instead of external demand-driven (Canton, 2015).

1.1.4. China’s economic potential

According to Wearden (2010), China usurping Germany has become the biggest exporter around the world in 2009. Additionally, McKinsey (2013) states that the enormous manufacturing engine made country’s GDP achieves doubling per capita over the last ten years, which boosted national living standards. 150 years were spent in the United Kingdom to achieve that by industrialising. Average GDP growth in China for last 30 years has been 10.2 percent annually (Thieme and Connolly, 2014). Shugar (2016) illustrates that the reason why foreign investors have been entering in Chinese market is mainly because of the skilled inexpensive labour.
Thieme and Connolly (2014) quotes that there are possibilities that the golden era for China’s manufacturing will be terminated because of the requirement of higher wage for labours, which is related to the inflation, as well as higher cost of raw materials and tighter policies from the government, furthermore, the prosperity of South East and Africa for less expensive labours and materials.

As mentioned previously, China escaped from the economic crisis in 2009 (Sadeghian, et, al., 2013) and China has become world’s third largest luxury consumption country in 2009 which proofs the point that Chinese luxury market has an optimistic future. Based on the data, 50 billion dollars were spent on luxury products imported from Europe in 2010 (Thomas 2012). With the various policies revitalising the market after Economic Reform in China, consumers have had cognition and acknowledge about luxury products, additionally they are eager to manifest their social and money status through luxury goods, as well as attempt to enter a specific social group with luxury consequently be accepted by others in that social group (Zhang and Kim, 2012).

1.1.5. The influence of Anti-corruption Campaign for luxury

However, since Chinese Chairman Xi Jinping in 2012 has initiated a significant move that is called anti-corruption campaign (Zhang, 2017), although there is no explicit policy pointed to foreign luxury brands such as Louis Vuitton, Armani, Gucci and the rest (Tsui, 2015). The campaign indeed decreased the sale of luxury product in the whole country especially in tier 1 cities for instance Beijing, Shanghai and Guangzhou (Holcz, 2016). Brick-and- mortar shops have been suffering and having a difficult situation both online and offline retailers in recent years in China (Shanghai Daily, 2017). Tsui (2012) also illustrates that the campaign led to a huge loss in the luxury sale. The fact is luxury brands are always a decent choice for rich businessmen and politicians to send to government officers or someone who is in an
essential status (Tsui, 2012). Unwanted attention might be paid from public because of senior politicians and their husbands or wives wearing and having world luxury brands products (Holcz, 2016). Because the salary of governors cannot afford the luxury products, if the governors or their families have them, there is a possibility that they are corrupted. On the contrary, Tsui (2015) demonstrates that domestic high fashion brands have had the opportunities for increasing the sales. The most representative domestic brand is Grace Chen, who had been working for American fashion brands from 1990s, then opened her first studio in China. Made-to-measure is the core of the brand, which makes her one of the most famous designers in China. Grace Chen obtained a loyal customer segment because of splendid materials and craftsmanship of the products. Chinese market is still a potential market with a predictable future (Kamrany and Jiang, 2014). According to Bu, Servoingt, Kim and Yamakawa (2017), the population of millionaires is expecting to be the most in the world before 2020. The country has 2.7 million of millionaires with the age of 39 in 2010 (Thomas, 2012). Shanghai as a tier one city and a crucial harbour city has already been a world fashion centre, and now the demand for luxury products has been expanding to tier two and tier three cities because of the emerging middle class (Thomas, 2012).

1.2. The concept of luxury

Luxury is a concept of “refined enjoyment, of elegance, of things desirable but not essential” (Goody, 2006: 341). Adam Smith classified consumption into four segments: necessary, in other words, the essentials for life maintenance; basic, such as commodities for daily life growth and prosperity; affluence, which is not necessary for life growth; and luxury, that is supplied limited, expensive to buy, and can be difficult to maintain (Smith, 1776). The concept of luxury includes luxury goods, luxury service and luxury brands, which summarily establish the structure of the context of luxury.
Brun and Castelli (2013) illustrate that in the ancient world of great civilisations, luxury was related with exclusivity, power and wealth, also it is satisfying and treated as non-basic necessities. The original modern luxury industry was in nineteenth century in Europe. At that moment, some businessmen established companies to create luxury products that stood for lifestyle and social status. The growth of luxury business has been broadened to customer base in twentieth century with the exceptional quality within well-established brands.

1.2.1. Luxury brand

Luxury brands refer to the substantial consumer product sales around the world, and global sales of high-end apparel, watches, jewellery and accessories. Consumer is a cultural producer of the luxury, after twentieth century, luxury goods have been broadened to customer base, people have started to purchase luxury to represent their lifestyles and social status. D’Arpizio (2007) classified luxury brands into three levels of luxury that observe the achievement of performance in different markets (figure 1.2). Brun and Castelli (2013) also state their opinion on categorise the luxury into “old” and “new” luxury. Old luxury is normally called traditional luxury, which is high-end, limited products, expensive, and difficult to maintain; while new luxury is also called accessible luxury, which targets upper middle market with lower price (Brun and Castelli, 2013).
<table>
<thead>
<tr>
<th>Absolute luxury</th>
<th>Aspirational luxury</th>
<th>Accessible luxury</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harry Winston, Hermes, etc.</td>
<td>Gucci, Louis Vuitton, etc.</td>
<td>Hugo Boss, Coach, etc.</td>
</tr>
<tr>
<td><strong>The brands that associate with luxury and precious products manufacturers historically, and traditionally have driven the market. These brands dominated Japan as one of the most important luxury markets, with 3 per cent growth rate annually.</strong></td>
<td><strong>The brands achieved their status by being distinctive and recognisable, which offered the largest rate of luxury products sale growth in the US by 11 per cent annual growth from 2005 to 2006.</strong></td>
<td><strong>Consumers buy these brands products for owning a status symbol. Middle-class households in the Europe and the US are the largest customer group who purchase the products. During the early 21st century, the accessible luxury sales growth rate was 22 per cent in the accessible luxury growth in Asia – Pacific area, which was twice and a half greater than the accessible luxury average growth worldwide. The data showed that the high degree of entry-level access to the luxury products drives the local accessible luxury sales growth.</strong></td>
</tr>
</tbody>
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Figure 1.2 the classification of luxury brands (D’Arpizio, 2007)

Dubois and Laurent (1996) and Dubois and Paternault (1997) in the late twentieth century have already noticed that there has been an unprecedented demand from Asian countries that attracts researcher’s attention on cross-cultural comparison of attitudes toward the concept of luxury. In twenty-first century global economy has been growing. America, China and Japan are considered to be potential markets for luxury products.

### 1.2.2. Overview of luxury retail in China

The development of Chinese luxury consumption has been influenced by not only economic growing in China, but also the political factors. After Reform and Opening-up policy in China in 1978, the impact of western culture, in this context, especially luxury culture has been delivered from coastal cities such as the main cities, Guangzhou, Shenzhen, Shantou, Xiamen, and more identically, Shanghai. After years when the era has entered millennium,
there are four different groups of Chinese customers who consume luxury. Consumers who were born before 1960s who are frugal retired or wealthy retired; consumers that grew up during 1966 to 1976 who are frugal 40s’ and wealthy 40s”; first generation of one-child policy which can be termed as 20s’; and new generation who are under the age of 20, and they are identified as being the most Westernised and open to new products (Lam, 2016).

Based on Bain & Company (2019), report shows that China’s luxury products market has been well accelerating in 2018 with 20% growth (figure 1.3). 65 percent of world’s additional spending in 2025 is expected to be delivered by China, according to the analysis on McKinsey (2019) that China presented more than 50 percent of the luxury spending globally from 2012 to 2018 (figure 1.4). Jing Daily (2019) demonstrates the data from 2015 to 2018 that the domestic luxury spending had increased from 23 per cent to 27 per cent of total spending. It is expected that this proportion will increase to 50% by 2025 (Bain & Company, 2019). The government has been working on the policies, such as import duties reductions and stricter control over the shoppers who go overseas to buy luxury products in order to sell in domestic China for avoiding import taxes, hence the domestic luxury spending growth trend will be continuing.
Figure 1.3 20% growth on the domestic luxury market in 2018 driven by millennials and women (source: Bain & Company, 2019)

McKinsey (2019) demonstrates that Chinese consumers contributed $115 billion on luxury products in 2018, which was equivalent to one third of the worldwide spend on luxury items. Chinese upper-middle-class household ($2600 to $3900 per month earning per household) is the main driver for the luxury consuming, additionally, the population of which has a tendency of rising 20 percent from 2018 to 2025. The affluent class whose earning is above $3900 will be triple to 65 million popularity in 2025 (Figure 1.4).
Based on the report from Bain & Company (2019), 70% of millennials aged 23 to 38 own their own homes, which is twice the rate of American millennials. Moreover, the Chinese millennials are willing to and are financially able to purchase luxury brand products, as it has been illustrated in Figure 1.5. Furthermore, millennials have knowledge about luxury and they chase and embrace fashion trend. They have been identified as a big market for luxury sportswear brand, such as Triple S sneaker from Balenciaga. The sneaker was introduced in 2017 and the popularity had maintained throughout the year after. Another example is the co-branded accessories from Louis Vuitton and Supreme, the collection has been embraced after created.
It is worth noting that global luxury groups such as LVMH and Prada have invested in China’s smaller and less developed cities, for example Xi’an and Wuhan, which are the new tier one cities, due to the growth of luxury spending these years in China as mentioned previously and the purchasing power from Chinese Millennials, after the crackdown on luxury spending in 2013 (Reuters, 2018). Deloitte (2019) demonstrates that luxury companies tend to make significant investment in stimulating the interest of millennial population, millennials are treated as a future for luxury. Bain & Company (2019) states that JD and L Catterton have invested $175 million in Secoo, Richemont has had acquisition of Yoox Net-a-Porter and built partnership with Alibaba. The development of social media and technology makes it possible to achieve omni-personal approach, as personal demand has become the key focus for the luxury business (Deloitte, 2019). Luxury brands have started developing relationships with the influences and bloggers in China in order to stimulate more interest of followers.
1.2.3. The role of in-store environment in luxury retail sector

Brands are increasingly popular with young people. This not only changes the traditional luxury retail experience, but also challenges the traditional store concept tailored to specific target groups. Customers nowadays expect a personalized, relevant and consistent “omnichannel” experience across all platforms, blurring the distinction between brick-and-mortar stores (The Future Luxury, 2014).

“Marino is the rare architect who can design neighbouring boutiques for competing houses, making each one unique” (Wallpaper, 2018). Peter Marino is a talented American architect who Extensively proved the following theory: architectural design can become an important part of shoppers' recognition of brands (BoF, 2011). ZDNet (2012) after interviewed Peter Marino demonstrates that the description of the store details, such as "the drawer and the door are completely open," conveys a feeling of efficient and calm. These types of details can help customers feel comfortable under a shopping environment. ZDNet (2012) additionally gives the luxury retailers suggestions on store designs, such as the fitting room is placed in an almost “residential” environment, separate from the main shop floor, so customers would feel private enough to undress.

In October 2017, a magnificent new Louis Vuitton address opened in the Place Vendome. It is combined two 18th-century hotel particles, their former grandeur restored by parquet flooring and stone floors. Old and new, contrasting stone staircases have been mixed with modern glass railings, from bronze to straw inlays, and embellishes the house code with details such as lace-leather logo curtains. In addition to luxury, Marino believes the commonality of these spaces is that they are practical and enticing, turning shopping into a tempting experience. He also admits and stresses that customers are more important than
merchandising, and feeling engaged and connected is the essential aspect regarding to luxury brands.

Retail design has undergone major changes since the first time the Selfridges in London, BonMarché and Printemps in Paris, and the Macy's in New York opened (The Future Luxury, 2014). Since then, retail stores started to redefine themselves to keep up with the ever-changing landscape of advancements of technology and customer tastes that affect the shopping experience. The main innovations in retail design focus on the technology and design quality, such as changes in spatial structure, circulation systems, air quality and importance and entrance. While these factors have a major impact on how consumers are engaged in the theme experience and influence their purchasing decisions, it is increasingly important to incorporate innovative approaches into the digital landscape in store design.

A study titled “Elevating the Customer Experience: The Impact of Sensory Marketing” had surveyed 100,000 consumers across 10 countries, including China, the UK, the US, Australia, France and Germany to reveal the influence of the in-store atmosphere upon purchase decision (Fashion Network, 2019). According to the survey, 78 percent of consumers believe that an enjoyable shopping atmosphere is the key for in-store shopping compared to online shopping. Moreover, amongst all the dimensions of the in-store environment, music is the most important aspect, which 85 percent of global consumers believe it is influencing. Hui, Dube and Chebat (1997) demonstrate that visual and scent sensorial elements combined with music, will be able to increase the period of time that consumers spending in store. The survey accordingly shows that 75 percent of participants would stay longer in a shopping environment if the such components are in place.

It is worth mentioning that the survey shows Chinese and Spanish consumers are the easiest to be influenced by sensorial elements than others, whereas the British consumers are
concerned more about the store layout, waiting time in the queue and the personalized service (Fashion Network, 2019).

1.3. Research aim

The aim of the research is to establish a critical understanding of the relationship between the specific nature of luxury store environments and the perception, motivation and behaviour of Chinese consumers.

1.4. Research objectives

1) Critically analyse the components and roles of in-store environment;
2) Interrogate the elements of in-store environment within the context of luxury;
3) Investigate the effects of store atmospherics on consumer behaviour and retail shoppability;
4) Analyse the general shopping behaviour of Chinese consumers towards luxury consumption;
5) Evaluate the components that influence luxury in-store environment on purchase decision-making process in Chinese market;
6) Identify differences between ages concerning consumer’s cognitive and affective responses to luxury in-store environment in Chinese market;
7) Evaluate the benefits of establishing a hierarchy of luxury in-store environment formats in different city levels in China and the influence on the perception and behaviour of Chinese consumers.

1.5. Rationale of the study

China is the third largest spender in the world for luxury products, it has been a growing market for luxury brands to develop (Bain & Company, 2019). The demand in luxury products has been growing among the new generations. Chinese millennials are becoming a
group with strong buying power on luxury brands (McKinsey, 2019). Based on the market context research in this chapter, in the densely-populated urban area, especially tier 1 and tier 2 cities, people get more access to luxury brand, where luxury brands focus. They have more access and more disposal income spending on the luxury.

In-store environment is essential to retailers as its purpose is to establish a superior environment, in order to stimulate customers’ sentimental feelings for obtaining positive response. While in-store environment was always a western concept that has rarely been studied in China’s market. The researcher finds it important to related how would Chinese younger generation’s shopping behaviour be influenced by the in-store atmosphere in the luxury sector under the market where in the different tiers of cities in China.

1.6. Structure of the thesis
This study is structured into seven chapters including the introduction chapter. Figure 1.6 below provides a visual overview of how the chapters are structured. The current context chapter introduces the background and motivation of the study, and leads into the focus of the study.

The second chapter provides the fundamental theories of the store atmosphere, which explained in detail with the support of S-O-R model. When exploring the literature of the in-store environment, the focus is on identifying the dimensions that may influence the consumers under a shopping environment with the explanation of the nature role of store atmosphere. The chapter brings five dimensions with ten factors in total to explain the store atmosphere in a sensorial and theoretical way. Additionally, the chapter narrows the research from a broad theory that are developed mostly in western countries to China’s retail atmosphere, more specifically, in a luxury retail sector.
The third chapter provides a theoretical explanation of consumer behaviour combines with the construction of Mehrabian – Russell model, i.e. PAD model. The model provides that, within a designed shopping environment, consumers will generate different emotional states depend on the atmosphere, which as a result, will make an approach or avoidance response. It is also found that in the literature, culture can be one of the most important reasons to distinguish Chinese consumers from the western world. “Face” culture and “Guanxi” are two concepts that are essential and worth mentioning concepts when it comes to luxury consumption in China. At the end of this chapter, the literature narrowed down to the influence of hierarchy of cities upon Chinese luxury purchasing behaviour. Furthermore, it is worth discussing the levels of city and the generation both can be crucial to look into the research.

Chapter four presents the detailed research design and methodology that will be used to test the conceptual model. The researcher starts the chapter with describing the philosophy to show an understanding of the world and an understanding of using appropriate methods to solve problems. Then the researcher makes the choice of research method and data collection. Research framework is presented in this chapter to give the research a constructive theory support. The research evaluates eight variables of the in-store environment to show the levels of effect upon consumer behaviour.

Chapter five provides the response rate and the results of the survey. It opens with the participants demographic profile by gender, age, the hierarchy of city they are living, and family disposal income, following the guidelines that have been presented and assessed in chapter four to evaluate the outcome of the hypothesis testing.
Chapter six presents the data analysis comes from the result of questionnaire. The correlation analysis, intermediary test, regression analysis, T test, etc. have been used to analyse the collected data. Hypothesis are proved or rejected by the methods of data analysis.

Chapter seven provides the key findings on the research, it reviews the research aims and objectives to make sure they are all met. Furthermore, this chapter presents the influence of research upon theory and practice, and academic and practical contributions. It additionally points out the limitation of the research and gives suggestions to the future study in the similar research area.
Chapter 1
Introduction

Chapter 2
The in-store environment literature review

Chapter 3
Consumer behaviour literature review

Chapter 4
Methodology and research design

Chapter 5
Data analysis

Chapter 6
Data discussion and result discussion

Chapter 7
Conclusion, implications, contributions, limitations and suggestions

Figure 1.6 Chapters structure
Chapter Two: Store Atmospherics

2.1. Introduction

Luxury fashion store is a bridge between a brand and its consumer, and it holds an exclusive position to communicate with people. Luxury fashion stores operation is a crucial format in buying experience, which is the key of a successful luxury retailing. Therefore, in order to bring a luxury experience to consumers, luxury retailers need to focus on the store atmosphere and brand message communications.

Over the years many theories have been proposed to explain the effects of facility-based environmental cues and atmospherics on consumer behaviour. Although the literature covers a wide variety of such theories, this review will focus on four dimensions of store atmospherics, which are, general interior variables, layout and design variables, point-of-purchase and decoration variables, and human variables. Although the literature presents these themes in a variety of contexts, this chapter will primarily focus on their application to luxury fashion retailing in Chinese market.

2.2. The concept of store atmospherics

Koter (1973) initially demonstrates store atmospherics as a space that is consciously designed in order to explore the ambient dimensions in the store and create certain effects on buyers. More specifically, the purpose of store atmospherics is to design the buying environment to stimulate specific emotional effects in customers to increase the purchase profitability (Kotler, 1973). Backstrom and Johansson (2006) state that atmospherics is composed of tangible components (flooring, fixtures, point-of-purchase, decorations and products) and intangible components (lighting, music, temperature and odour), hence store atmospherics is capable for affecting the buyer’s perception, motivation and behaviours by contributing on the satisfaction and dissatisfaction for the buyer (Sabrina, 2014).
2.3. Stimuli – organism – response (S-O-R) paradigm

The theoretical background of S-O-R paradigm (Figure 2.1) comes from behaviouristic S-R formulation that initiated by Woodworth and Schlosberg (1954). In this context, the stimulus (S) is coming from atmosphere that leads customers to evaluate (O) then give behavioural response to the atmosphere (R) (Spangenberg, Crowley and Henderson, 1996). Put it in another way, within the paradigm, the environment (S) is the trigger for approach or avoidance behaviour (R); individuals will generate the emotional states (O) within the environment (Donovan, Rossiter, Marcoolyn and Nesdale, 1994). However, the S-O-R model cannot embody the influence of environmental elements on the cognition of consumers (Stuart, 2013), as the model does not include social and sensory dimensions of consumer experiences in the shopping environment. Instead, as it has been shown on Figure 2.2, Bitner’s servicescape model based on the concept of S-O-R paradigm while expanded the model in order to add cognitive responses of consumers on the interaction with retail environmental cues. Figure 2.2 provides the examples of the factors that included in fashion retail environment and responses from both consumer side and employee side, which lead to different behaviour results during direct or indirect interactions with brand (Stuart, 2013).

The general S-O-R-model (S = stimulation, O = organism, R = behavior)

Figure 2.1 S-O-R model (Mehrabian and Russell, 1978)
Environmental psychology proves that consumers will give one or another direct response to the atmosphere, approach or avoidance (Turley and Milliman, 2000). Approaching is viewed as a positive response to an environment, for example, consumers are willing to spend time in a special facility and explore it. On the contrary, avoidance includes the behaviours that consumers do not desire to stay in store or spend time on exploring it (Mehrabian and Russell, 1974; Turley and Milliman, 2000).

Two constructs that environmental psychology focuses are the emotional impact and the influences of physical stimuli on a diversity of behaviours (Mishra, Sinha and Koul, 2014). S-O-R paradigm (figure 2.2) is used and studied in retail stores firstly by Donovan and Rossiter (1982). They found that relations exist in two emotional dimensions between environmental stimulus and behavioural intention: pleasure and arousal. S-O-R model is not only used in
Eroglu, Machleit and Davis (2003) illustrate that atmospheric cues have an impact on online consumer’s emotional states and cognitive states, which therefore will influence the behaviour outcomes (hypothesis 1 and hypothesis 2). Singh (2006) introduces that customer experience value based on S-O-R model and the foundation of consumer perception and valuation is able to explore the environmental valuation and perception for consumers that have different motives that affect their buying behavior (hypothesis 3). However, Jacoby (2002) makes the contradiction about the traditional S-O-R model. He argues the traditional model is short of comprehensiveness, parsimony and flexibility. In the modern model, the stimulus, organism and response are more integrated. Jacoby points out the traditional model failed to accommodate that the certain phenomena might be both stimuli and responses. He also agrees to Howard and Sheth (1969) model that some constructs such as beliefs, attitudes and intentions are conceptualised as both internal and some form of response within the organism. Therefore, Jacoby (2002) believes what is missing from most descriptions is that these variables might serve more than two functions.

**Hypothesis 1:** The in-store environmental cues will influence a consumer’s affective and cognitive perception towards the atmosphere;

**Hypothesis 2:** A consumer’s affective and cognitive perception will influence their response to the store atmosphere in terms of approach or avoidance behavior;

**Hypothesis 3:** The in-store environment design will influence the consumer’s approach or avoidance behavioural response.

### 2.3.1. Stimuli

In the context of store atmospherics, stimulus is the atmosphere that influences the mood of buyers (Sherman, Mathur and Smith, 1997). According to Merhrabian and Russell (1947),
within a store, stimulus is the key to affect customer’s approach and avoidance behaviour. In other words, stimuli have the ability to lead to positive approach behaviour for customers, also can lead negative avoidance behaviour to customers. Therefore, it is crucial to maintain an effective atmosphere in order to create a positive stimulating environment (Russell and Pratt, 1980).

2.3.2. Organism
In S-O-R model (figure 2), stimuli can affect individual’s internal state to incite responses from consumers (Sherman, et al, 1997). Organism is the internal structures between external stimuli to the consumer and the final reactions and responses from that consumer (Bagozzi, 1986). Consistent with the explanation of organism, Mehrabian & Russell (1974) and Sherman, et al (1997) and present that emotional state is the variable of organism, which is consisted by three dimensions: pleasure, arousal and dominance (PAD model). More information about PAD model will be introduced in chapter 3: consumer behavior.

2.3.3. Response
Response is the outcome and reaction of the stimuli from consumers, including attitudes and behaviours (Bagozzi, 1986). Mehrabian & Russell (1974) Sherman & Smith (1986) suggest that the response in retail environment normally represents approach or avoidance (The explanations of approach and avoidance approach will be presented in chapter 3: consumer behavior. In a luxury fashion store, individual consumer will feel dominant if the store atmosphere is consistent with their perceived atmosphere (Kotler, 1973).

2.4. The role of in-store environment
The influence of the in-store environment upon behaviour has long been acknowledged by retailers, architects, landscapers, interior designers and the rest (Donovan and Rossiter, 1982). There are a number of factors that will affect consumer’s attitude about the image of a brand,
such as floor plan, colours, symbols, advertisements, etc. The purpose of in-store atmosphere is to establish a superior environment in order to encourage customers to have sentimental feelings for obtaining positive response. Competitive advantages can be created if retailers implement an integrated communication element that affects the consumers’ choices in that shopping environment. In this section, the role of in-store environment will be introduced to present the importance of the store atmosphere for establish positive consumer behaviour.

2.4.1. Brand experience

Fulberg (2003) defines brand experience as “a concept built around the idea of partnerships”. He notes that brand experience provides an opportunity to consumer to interact with brand and its products in order to build their own perceptions of the brand. Brand experience provides a basis for brand to communicate with consumers so that attempt to establish the loyalty. It creates partnership between consumer and brand by shared experience. Apart from the traditional media, retail offers entirely different approaches of communicating and experiencing (Turley and Chebat, 2002). Pine and Gilmore (1997) state that “experiences are a distinct economic offering, as different from services as services are from goods”. They believe experiences need to be deliverable and to meet consumer’s needs and expectations. Brun and Castelli (2013) also state that the association of luxury and experience shows the future growth of market segment in luxury sector. They also suggest that the concept of luxury experience not only includes personal perceptions and intangible aspects. Luxury consumers in mature markets also show higher spending trends and shift time and money toward cultural and intellectual pursuits, with the barriers being due to lack of knowledge rather than cost. In addition, some mature luxury consumers do not express wealth through ethical and charitable attitudes through luxury purchases. These postures are often not showing off and unobtrusive. Bain & Company (2016) reports that luxury experience takes up more than 29 percent of global total luxury market, more importantly, luxury experience
grew 5 percent faster than total personal luxury products in 2016. The luxury experiences include restaurants, luxury hotels, cruises, etc. Luxury brands nowadays pay more attention to brand experience than before. For example, LVMH created Maisons Cheval Blanc, described as exclusive havens of refinement (Godfrey, 2017). Luxury will have more opportunities in hospitality to create multi-sensorial experience than consumers simply buy watch or golf in store. Through emotional engagement, luxury brand could become more integrated into lifestyles of their brand image. Retail environment makes it possible to let the brand communicates the essence of the brand at the same time surround consumer in a specific space, meanwhile listen to and respond to individual demands (Turley and Milliman, 2000).

2.4.2. Brand interaction

Brand interaction is important for retailers because it is a necessary precursor to forming a relationship with the customer (Foster and McLelland, 2014). It has been established in the sociology literature that relationships cannot exist without interaction (Hinde, 1979; Blumstein and Kollock, 1988; Fournier, 1998). Therefore, consumer – brand relationships are built on a series of interactions between the consumer and the brand. Often these brands are viewed similar to human relationship partners (Fournier, 1998), where the brand personality is used to translate who the brand is to the consumer (Blackston, 2000; Aaker, 1997). As the theme creates an environment where the brand is heavily represented, the brand personality should become more salient to the consumer and therefore facilitate consumer–brand interaction. This interaction is further aided by the transfer of brand meaning through the bodily experiences of the consumer in the retail space (Moller and Herm, 2013) and an increase in the perceptions of brand authenticity, or the genuineness of the brand (Bruhn, Schoenmuller, Schafer and Heinrich 2012).
2.4.3. Brand communication

A physical retail store offers opportunity for brand to establish a unique form of communication to consumers compared to traditional media (Stuart, 2013). Fulberg (2003) stresses that brands nowadays are not only providing a point of sale, more importantly it is a part of brand communication strategy. He puts forward a concept of “brand theatre” that it is essential to create a space for brand to be able to entertain consumers in order to present its value. For a long time the key focus of the brand communication has always been visual senses; with the transformation of technologies to fashion retail stores, such as augmented reality to test products in store, and contactless shopping to enhance the seamlessness for checkout process, additionally with the enhance of personnel service in store, such as personal shopping and social interaction, the dormant senses have been awakened (Chitrakorn, 2018). One of the most important aims of brand communication is to build up triggers in consumer’s mind in order to stimulate consumers to engage with the brand experiences (Stuart, 2013). In order to establish the brand communication successfully, retailers have to carefully select the components to create consistency within all the senses (Fulberg, 2003).

2.4.4. Brand loyalty

Brand loyalty has been defined as a deeply held commitment to re-buy or re-patronise a preferred service consistently in the future (Oliver, 1999). Companies seek loyal customers because brand loyalty leads to favourable marketing advantages such as word of mouth (Foster and McLelland, 2014). Thus, developing and maintaining customer loyalty is a vital key to growing a firm (Caruana, 2002; Reichheld, 1996). In this regard, a themed retailer will benefit in terms of loyalty based on the fact that people can more easily differentiate their brand from others. Moreover, the interactive experience provided by the themed retailer
should also impact the customer’s loyalty given the themed retailer provides the opportunity for a more unique and immersive experience (Ponsonby-McCabe and Boyle, 2006).

2.4.5. Brand image

Burt and Davis (2010) define brand image as the view that consumers have about the brand based on the current and past experience within the brand. The components that shape the in-store environment are nonverbal communication with consumers that are very influential, which can deliver brand image to consumers (Bitner, 1992). Brand image is also referred to the total impression that consumers receive the stimuli during the experience related to store (Hartman and Spiro, 2005). Symbols and colours, advertising, layout and architecture, and sale personnel are identified to be the personality of the store in Martineau’s (1958) discussion, which are the functional dimensions of the physical store to establish brand image to consumer’s mind. Therefore, the in-store environment can be recognised as stimuli to consumer’ attitudes and perceptions, and an antecedent to the brand image (Stuart, 2013).

2.4.6. Consumer behaviour shaping

Retail store communicates the concept and meaning of the brand with consumers through its cues and messages, which influence consumer’s shopping behaviour (Markin, Lillis and Narayana, 1976). The nature of store components and cues has drawn attention in the literature which builds the stimuli to shopping behaviour in a shopping environment. Bitner (1992) notes that the overall of stimuli in the store environment will be able to obtain consumer response and this is the reason that servicescape should be holistic. Each component communicates with consumers. Additionally, the components are playing significant role to create brand experience and in turn stimulate consumer to respond.
2.5. The components of in-store environment

Bitner (1992) postulates that the environmental components such as temperature, noise, lighting, music, air quality and the rest can have an effect on individual physiological state (such as comfort and pleasure), therefore influence whether a customer will stay in the shopping environment and enjoy the specific situation. Berman and Evans (1995) divide the variables of in-store atmospherics stimuli into three dimensions, general interior variables, layout and design variables, point – of – purchase variables. Turley and Milliman (2000) discover another category, human variable, which is completed for this typology, including the personages that involve in the shopping environment. Pantano and Naccarato (2010) state the importance of technology for retailers to enhance in store shopping experience for consumers. In fact, Bitner in 1992 had included self-service technologies as an upcoming significant dimension of service. The components of retail store atmospherics concern the influence on the consumer behaviour. They highlight the way the store communicates with the consumers and the messages that have been delivered. Additionally, sensory stimuli can support experience theme when it comes to consumer experience (Pine and Gilmore, 1997), the more senses, stimuli and experiences it engaged, the more memorable and influential experience it can create. Therefore, these variables and components are used to examine how the consumers interact with the store atmosphere, in order to receive a shopping experience within a brand.

2.5.1. Interior variables

1) Colour scheme

In the context of retail atmospherics, colour has been applied for gaining customers’ attention (Bellizzi and Hite, 1992). Colour is able to affect time spent in store, arousal, consumer’s and employee’s feelings (Bellizi, Crowley and Hasty, 1983; Bellizzi and Hite, 1992; Crowley,
1993; and Turley and Milliman, 2000). If colour could be applied appropriately, it can lead to impulse purchase, which in turn increases purchase rate (Turley and Milliman, 2000). Bellizzi, et al. (1983) demonstrate that cool-colour background such as blue or violet is more pleasant than warm-colour background such as yellow or red. Cool-colour background has a significant influence on purchase outcomes that most of the retailers are satisfied, however Danger (1969) earlier proves that warm-colour background is more capable to catch attention and attract outside people to approach and enter store.

2) Lighting

Lighting is an essential dimension for store atmospherics to highlight the products or objects, which can ensure visual performance on a decent level (Schielke and Leudesdorff, 2014). Quartier, Vanrie and Cleempoel (2014) state that lighting has not only effect on objects that represented in store, but also affects consumers and employees. Multiple levels of lighting in a retail environment can be applied: the cognitive level, of which the level that different aspects have been perceived in a store; the emotional level, of which the level that people respond affectively to the store; and the behavioural level, of which consumers behave in the shopping environment (Quartier, at al., 2014).

3) Music

Hui, Dube and Chebat (1997) prove that there is a significant influence of playing music in store upon consumer behaviour, including arousal, sales, perceptions, in-store traffic flow, visual stimuli and time spent in store. However, Hui et, al. (1997) also stress that different effects of music will show up on different age group of the consumers, depends on the personal preferences, foreground and background music. Surprisingly, Gulas and Schewe (1994) find out that music can influence consumer behaviour even consumer would not consciously notice it.
4) Scent/Odour

Odour is a special component for store atmospherics and it has been attracting some research interest (Turley and Milliman, 2000; Sabrina, 2014). Different types of the scents can have various impacts on consumer behaviour (Mitchell, Kahn and Knasko, 1995). Spangenberg, et, al. (1996) illustrate that customers will spend more time on processing product information when a type of scent is corresponding with the product class, and shoppers will seek variety of the products inside the shopping situation. Mitchell, et, al. (1995) mention that the inoffensive scent can lead customers to consider the store and its products and services more positively, additionally they tend to visit the store more than the store which does not apply any scent.

5) Temperature

Baker and Cameron (1996) point that higher temperature causes the perception of time in the shopping environment more slowly, additionally lower temperature around 16.11°C will lead to negative affective states to consumers. Therefore, the range of comfort does exist in shopping environment and the greater temperature distance is beyond the range of comfort, the more possible it will cause negative effect on consumer’s perception during waiting time (Baker and Cameron, 1996; Huang, Zhang, Hui and Wyer Jr., 2013). However, IJzerman and Semin (2009) prove that high ambient temperature can make individuals socially closer to each other, on the contrary low ambient temperature causes far social distance, which lead to the research from Huang, et, al. (2013) that warm ambient temperature is capable of creating the similarity to sociality. Based on this finding, Huang, et, al. (2013) state that warm ambient temperature at some degree can create the similarity to the decision-making process and establish the conformity along consumers, excluding those natural decision-makers. However, Cheema and Patrick (2012) argue that for consumer, between 19.4°C and 25°C, the warm
ambient temperature can decrease the process of decision-making. Furthermore Tellis, Streemersch and Yin (2003) illustrate that the acceptance of new products is higher when then the products are in the cool retail ambient temperature.

6) Flooring

Different textures of the floor have different effects on consumer’s sensation of comfort when shopping. Compare to the carpeted floor, hard flooring (for example tile floor) tends to evoke more strongly corresponds with sensation in the context of the firmness dimension (Levy, Zhu and Jiang, 2009). Furthermore, in their research, consumers’ body sensation can be altered when they are standing on the floors that with different firmness.

2.5.2. Layout and design variables

Layout includes fixtures, floorspace, product groupings, allocations and in-store traffic flow (Turley and Milliman, 2000). More specifically, spatial layout is the level of objects in which are situated within the shopping environment, objects can be furniture, equipment, etc. (Baker and Cameron, 1996). Spies, et, al. (1996) state that stimulus is the optimal level of complexity and it is assumed to obtain the most attractiveness. However, if stimuli deviated from the optimal level to more complex or simpler level, there will be a decrease for stimuli. Additionally, Spies et, al. (1996) note that information rate and layout are the essential characteristics for determining the environmental stimuli. Information rate is defined as the number of units displayed within a specific time. Frankly speaking, information rate will be higher than familiar stimuli if there is a new or unique stimulus. Berlyne (1971) assumes that if information rate is overly high, then consumers might be under pressure. However, if information rate is low, then consumers may find the store is tedious. Similar assumption can be applied with layout that it is supposed to be not simple, which will allow possibilities of surprise consumers (Turley and Milliman, 2000). Baker and Cameron (1996) note that a
proper spatial layout could evoke more positive emotion to consumers that lower the perception of waiting time under the shopping situation, in other words, spatial layout can establish the perception of social justice. A successful layout depends on whether there is a clear concept of the store, consumer can easily find the products or different departments have been separated clearly (Turley and Chebat, 2002). Careful layout would deliver the signs of the store and deliver the feeling of individual control (Berlyne, 1971).

2.5.3. Point – of – purchase (POP) and decoration variables

POP refers to advertising or marketing materials placed next to the promotion of merchandising that normally located around checkout place (Waters, 2018). Back to 1999 on Areni, Duhan, and Kiecker research, it is already proved that product organisation influences the importance consumers assign to various attributes when making purchase decisions. When products are displayed according to a specific attribute (e.g., by brand, by flavour, by price point), the perceptual salience of that attribute increases, and this increases the importance that attribute receives when consumers evaluate products and make purchase decisions. In addition, organising product information according to a given attribute makes it easier for consumers to compare alternatives using that attribute (Bettman 1979).

2.5.4. Human variables

Human variables include consumer density, consumer characteristics, employee characteristics, privacy and employee uniforms (Turley and Milliman, 2000). Density is a significant element that influences consumer perceptions. It consists with two components, real consumer density and perceived crowding. Bitner (1990) investigates that an unprofessional employee can influence a customer’s satisfaction and attribution when the service failure occurs.

1) Consumer density
Consumer density refers to the density of the people inside a store or a shopping area (Eroglu and Machleit, 1990), which directly influences consumers’ perceived crowding, which in turn reduces pleasure hence evokes avoidance behaviours (Lam, 2001). Hui and Bateson (1991) state that, consumer density also affects consumers’ perceived control, which decreases their perceived control. The relationship between consumer density and perceived control depends on the situational goals of consumers (Lam, 2001). Turley and Milliman (2000) point that perceived crowding will lead to negative response in browsing and comparison shopping. Under a high-density condition, task-oriented shoppers experience more crowding and less satisfaction with the store environment, and perceived purchase risk and time pressure intensity perceived crowding (Lam, 2001).

2) Service quality

Baker and Cameron (1996) demonstrate that service environment can indirectly influence emotion through conduciveness to social interaction and distraction, which represent two ways in which time can be filled for waiting consumers. Retail employee is critical since it can be used to communicate a firm’s ideals and attributes to consumers (Solomon, 1985). Bitner (1990) has found that a disorganised environment, which featured an employee in less than professional attire, can influence a customer’s attribution and satisfaction when a service failure occurs. In addition, the more social cues (for example, number of employees and friendliness of employees) in the store environment, the higher subjects’ arousal (Turley and Milliman, 2000). Customers not only grip themselves with the tangible products or services being offered, but also respond to its environment or more specifically to the atmosphere of the service setting. Bitner (1993) states about service that due to intangible nature service requires that buyers’ entire experience in the firm’s physical environment, as it is consumed and simultaneously. Therefore, these factors can directly affect decision making at the point of purchase.
2.5.5. Technology variables

With the growing technological advances, retailers nowadays are introducing technological applications into the physical stores in order to enhance shopping experience (Pantano and Naccarato, 2010). Numerous researches regarding to in store technological applications concern about consumer intention and attitude toward use (Verhoef, Lemon, Parasuraman, Roggeveen, Tsiros and Schlesinger, 2009). Social influence in adopting an innovation of technology can offer a positive influence on consumer’s perceived intention towards engaging with the technology (Kulviwat, Bruner and Al-Shurida, 2009). The attitude generated from consumer is able to affect the intention that the consumers interact with the technology in store, for instance, the attitude towards the service, the attitude towards the desire of technology, and the level of self – consciousness from consumers (Lee, Cho and Fairhurst, 2010). Recent studies regarding to the applications of technology in store have indicated positive response amongst consumers (Grewal, Roggeveen and Nordfalt, 2017). The positive outcomes for using technologies in store can be illustrated by higher level of satisfaction from consumers and loyalty behaviours (Stuart, 2013).

Although Turley and Chebat (2002) categorise in - store technology under point – of – purchase and decoration variables in order to interact and entertain customers, the classification is not sufficient enough to describe the technology today in the retail store environment. Technology as a stimulus to shopping experience is not as well-developed as the other in store components, however nowadays the application of in store technology has been growing. Pine and Gilmore (1997) state that new technologies are able to encourage the whole new types of experiences. One of the upcoming trends for technological application in store is augmented reality, the forefront of this technology is Burberry (figure 2.3) (Bloom, 2017). Bloom (2017) notes that augmented reality is significant for fashion industry, the brand needs to adapt new technology and be identified in order to survive and develop.
Augmented reality is a technology that offers users to combine seamlessly virtual objects with real world through 3D imagery viewing the objects in live actions on the device’s screen (Hanson, 2017). In the retail industry, AR is able to benefit businesses significantly as it can be a bridge between online and offline that provide more lavish shopping experience to customers (Bloom, 2017).

![Image of Burberry augmented reality fashion application](source: BOF)

**Figure 2.3 Burberry augmented reality fashion application (source: BOF)**

### 2.6. The effects of store environment

The influence of store environment on these cognitive stages (figure 2.4) would subsequently affect evaluations of the store, its merchandise and service, therefore, on the shopping behaviours or outcomes. Furthermore, store environment may influence these evaluations directly by providing consumers with a peripheral cue or a tangible evidence for evaluating the service and merchandise quality of the store.
2.7. The key dimensions of luxury retail store atmospherics

In order to build a luxury in store environment, a retail atmosphere is helpful to contribute to build up a distinguished shopping experience. Luxury brands are working on creating a consistent and impressive store image correspond with the department stores in different countries, however the result could vary by reason of different consumer responses in cross-cultural countries (Jiang, Nagasawa and Watada, 2014). Das (2014) and Levy & Weitz (2001) believe retail atmosphere is able to establish significant and emotional impacts on purchasing behaviour as it can appeal consumers from outside the store to inside, furthermore the appropriate store atmosphere can enhance consumer’s shopping experience. In Jiang, et, al’s (2014) research, they discuss two essential factors that would impact on consumer cognition and manager expectation of a luxury brand image, which are location and store ambiance.
Cho and Lee (2017) believe that a retail atmosphere with high-luxury in store colours can enhance store’s perceived luxury level. As mentioned previously in 3.5.1, among various factors of store atmospherics, colour is the most effective ambient component (van Rompay, Tanja-Dijkstra, Verhoeven, and van Es, 2012:803). Jiang, et, al. (2014) state that certain colours are more likely to reflect a better perceived luxury meaning. Colour has been chosen to be a key dimension of luxury store atmosphere because “it is the most predominant visual stimulus in store design” (Cho and Lee, 2017). Abril, Olazabal and Cava (2009) have discussed the role of symbolic colours in a retail atmosphere, which is, the symbolic colour reveals the intrinsic brand identity and it builds up the brand recognition. Another factor that could influence luxury store image is the architects, since the famous architects can promote and advertise a store to the public, which is similar with the concept of celebrity endorsement (Jiang, Nagasawa and Watada, 2014).

2.7.1. Fashion retail formats

Enders and Jelassi (2000) define store formats as “the formats based on the physical store where the vendor interacts with the customer.” Retailers use these variables to formulate their business strategies and constitute variables for classifications, prices, experiences and transaction convenience (Messinger and Narasimhan, 1997).

2.7.1.1. The history of retail stores

The history of retail can be traced back to a simple market where merchants sold goods to local people. They were considered to be very important to the economy and were regulated by the Royal Charter in England (McCormick et al, 2014). With the popularity of market trading, skilled craftsmen in the footwear and apparel industries became very common. The general retail store first showed up in the 1800s and sold a wide variety of goods (Samli, 1989). The businesses were then transformed into specialty stores (McCormick et al, 2014).
In the twentieth century, such experts evolved into department stores, initially clothing stores, and as they developed, they offered more types of goods (McCormick et al, 2014).

2.7.1.2. Fashion retail store formats

The section provides an overview of characteristics, structure, competitive positioning of fashion store formats.

1) The strategic purpose of a flagship store

The origin of luxury flagship store can be tracked back to 1960s, where the format of “concept store” had been adapted for innovative design purpose (Mores, 2007). After that in 1980s, luxury store formats have been getting larger as fashion category was no longer just for ready-to-wear, footwear and accessories, but was expanding to homewear, which contains “lifestyle” concept (Bingham, 2005). In the last decade of twentieth century, some of the flagship stores entered into some middle market, which caused the consequence of “mega-flagship” where each key variable store atmosphere has been built better and more memorable (Green, 2011). A flagship store is required to have full range of products both in depth and breadth and across the categories including women’s, men’s, children’s wear, accessories and home (Jones and Douchet, 2001). Moore, et, al. (2007) additionally illustrate that it can be necessary for flagship stores to have additional products and services that are not offered in other level stores. Flagship store is mostly used as a primary form and an entry method of direct investment for business in a foreign country at the first stage (Nobbs, Moore and Sheridan, 2012; Moore, Doherty and Doyle, 2010). Flagship store play an essential role in presenting the brand image and identity as retailer’s strategies, which the reason is, not only can the flagship store promote sales as a store, but beyond this, it is a “business card in the form of architecture which produces lasting effects in image building public relations and brand and corporate advertising” (Moore and Docherty, 2007; Mikunda, 2006:119).
2) Department store

Department store format is considered to be the oldest example of retail formats. They are generally located several shop floors to sell a variety of products, including apparel, household products, electricals, toys and homeware (McGoldrick, 2002). Fashion apparels are the main products of department stores, which defines the market and brand positioning. Department store format positions from value to premium to luxury in all levels of market. Department store traditionally sell the branded products from other companies or organisations. However, more department stores are developing ‘own brand’ products mostly targeting middle-market segments (McCormick, Cartwright, Perry, Barnes, Lynch and Ball, 2014).

The establishment of electronic and home décor specialty stores in China in recent years, a large number of electronic companies and home décor companies moved out of department stores, which leaves fashion products as traditional in department stores (Chan, 2011). In China, it is normal for a brand to have both department store and concession stores in the same shopping centre. This scenario enables the brand to enhance the brand awareness in order to be aroused among consumers. Additionally, to have both store formats in the same shopping centre allow the brand to target different consumer segments. Chan (2011) further explains that some consumers would like to shop inside a department store to enjoy having superior personal service, to be treated as a VIP, and to be offered special promotions; while other customers like having more access to products and services from different brands. It is worth noting that usually in the shopping centre, there will be strict controls on the brand retailers to do the promotion, interior designs and business format.

3) Specialist apparel store

Specialist store formats traditionally have dominated fashion retail, for example, ZARA and H&M. Generally, they specialise in apparels, although they also provide the choice of small
range of accessories or lifestyle products (McCormick, et al, 2014), which branded products associate and represent brand image, brand name and brand store image. In addition, the brand strategy is normally monolithic, in other words, private labelling, brand stores, and own-brand establishment (Zentes, Morschett and Schramm-Klein, 2011). This retail format allows the products to be only available in the branded retail stores. Also, they are typically manufactured by contracted manufacturers or third-party manufacturers (McCormick, et al, 2014). This type of fashion retailers normally has multiple chains with a large number of stores, in order to expand buy power and economic scale. These retailers have occupied the supply chain and the sector, hence dominated value, middle and premium markets, which makes the entrants hard to enter the market and even harder to compete (McGoldrick, 2002).

McCormick, et, al (2014) state that there is a significant trend in specialist retail formats that the number of companies are growing, in which were previously brand manufacturers. For example, Ralph Lauren was a branded apparel manufacturer and sold their products in department or independent stores mostly. However, nowadays there are more brands entering the retail business from manufacturing industry and open their own brand stores. This trend mostly happens at high-end and luxury market where the brand can extend the proposition into the in-store design and environment, especially in developing the innovative flagship stores.

4) Variety store

Marks and Spenser as the typical variety store format sells their own branded products, while has the same product breadth as department stores. The format is locating in between multiple store and department store (McCormick et, al, 2014).

5) Independents
Independents are small-scaled stores, in terms of the number of stores and the store footfall, to stock branded fashion products. Independent retail has some drawbacks. They often purchase small quantities of products which makes them have limited bargaining power with suppliers. Reordering can also be a problem if the minimum order is above their requirements. Hence many independents form a buying group to tackle this problem (Nwankwo and Gbadamosi, 2010).

6) Discount store

Discount store sells products with lower price than original or recommended price (McCormick et al, 2014). For instance, the products they sell can be out of season; or the products might be manufactured under special cases that failed to fit in the brand image.

Chi and Chen (2019) stress that it is necessary for retailers to focus on their physical stores to enhance shopping experience and environment, rather than speed with online channel retail or compete on price with brands. It is also urgent for physical store retailers to generate new business models in order to attract customers and remain their loyalty (Galeotto, 2016). Since 2010, a number of multi-brand fashion stores have been growing in China compared to a large number of physical stores closure in China (Galeotto, 2016). These multi-brand stores are considered as lifestyle fashion stores, which stock specifically and carefully selected collections of products with different product range and a lifestyle theme to target consumers with lifestyle orientation instead of demographics only (Mehta and Chugan, 2014; and Chen and Chi, 2017). Lifestyle retail store first showed up in Western countries in early 1990s and was popular in 2000s. The popularity of lifestyle stores in China is from the customer’s expectations of different and special in-store experience (Chi and Chen, 2019).

The growth of online shops has a significant influence on physical stores. It is not only adding a new channel to the existing communication channel, to make fashion retailing omni-
channel, but also the trend stimulates the revolution of retail industry. The purpose of fashion retail entering the omni-channel era is to integrate different approaches of communication between retailers and customers. It is necessary for retailers to keep high satisfaction of consumers in all channels including offline and online, in addition, allow consumers to switch from one channel to another. For example, customers would like to have a size that is out of stock in store, the online channel should allow consumers to have a choice to purchase the product; or when a consumer would like to try on or feel something they see online, there should be a way to check if there is stock in store somewhere in the city. The quality and scale of physical stores are now more important than ever in terms of ensure consumers still want to shop on the street (McCormick et al., 2014).

2.8. Luxury store atmospherics in Chinese market

Store environment cue is the key factor that influences consumer’s decision and buying behaviour in the retail store. Furthermore, on the business side the store atmosphere is a key marketing tool that distinguishes themselves from others, which is more difficult than using other competitive advantages such as price, product, place (location) and promotion (Liao, Huang, Huang and Deeseentham, 2012; Baker, Grewal and Parasuraman, 1994). Retailers now are getting more knowledge and paying more attention to the store environment cues and the importance of creating more effective in store environment in order to attract their target consumers.

Since the market competition has become constant and borderless, consumer’s perceived value and purchase intention are influenced by different cultures (Liao, et al., 2012). It has been a new challenge for retailers to understand and distinguish consumers that are from different regions, in order to understand their preferences and demands of target consumers. In recent decades, Asia’s economy has been developing vigorously and becomes one of the
largest economy systems around the world; the Asian culture is different from the Europe and America; therefore, it is essential to understand the consumers’ perceived value and purchase behaviour within different regions when considering in store environment cues.

Luxury in a fashion retail sector is differently characterised in other product sectors, one of the most distinguished reasons is the luxury retailers are internationalised with a global scale (Nobbs et al., 2012). Luxury fashion flagship stores are typically located in capital cities and in important commercial cities, such as Bond Street in London and New York in the U.S.A respectively (Moore, Fernie and Burt, 2000; Moore and Docherty, 2007). The aim of the appropriate location for a luxury flagship store is to obtain the right consumer profile and to deliver the right brand image to both consumers and employees (Dalton, 2005).

Duyeau and Dumenil (2017) on Jing Daily reported that one of the most successful retailers among Chinese consumers is Gentle Monster, which locates in Beijing. As shown in figure 2.5, consumer’s curiosity has been evoked by window display: it does not look like a glass shop from far distance due to the art of the display, however if consumers take a closer look, the glasses have been woven into the artworks. Gentle Monster catches the curiosity of consumers which transfers the customers outside into the store. Jing Daily (2017) states that retail stores need to design carefully the retail spaces in order to create opportunities for customers to share the photos on social media and create word-of-mouth phenomenon.

According to Graziani (2018), 72 percent of baby boomers tend to purchase luxury products offline, 66 percent of generation X (who were born between 1966 to 1980) buy luxury products offline, while millennial generation is more likely to buy luxury products online: 58 percent prefers to purchase offline versus 42 percent will purchase online. Graziani in the China Digital Luxury Report (2018) shows the result of survey with 240 Chinese participants:
only 35.6 percent of consumers would purchase luxury goods online. Based on the data, there is still a large number of consumers would enter luxury stores for visiting and purchasing.

Figure 2.5 Gentle Monster Window Display (Duyeau and Dumenil, 2017) (Source: Jing Daily)

2.9. The in-store environment within the context of Chinese hierarchy cities

The introductory chapter has presented the historical background introduction and the development of luxury retailing in China’s market. City plays a key role in the distribution of population and the development of economy (Chen, 1990). Chinese city tier is a system that classifies Chinese mainland cities hierarchically. After 1949 the country was established, Chinese city tier system had been evolved (Chen, 1990). Dramatic changes have been applied for the system in 1980 due to economic and social policies, the factors include, the fast pace of urbanisation, new economic policies and the changing definition of urban areas. The level
of urbanisation in China is linked to the geographic pattern and the distribution of economic development. The degree of distinction for city tiers in China is nothing more than the economic aggregate, the business index, the financial center index, the population and urban size, the location transportation, and the cultural education and scientific research. The economic aggregate is an indicator with extremely heavy weight, in other words, economic development of a city is a key indicator (Kuaibao, 2018). The indicators for city tier system include the followings (Kuaibao, 2018):

1) The business index and the financial center index, because the city is a place for industry and commerce, and the development of industry and commerce will inevitably lead to an increase in the financial index. The business index reflects the level of consumption in a city, reflecting the wealth of an urban resident.

2) Population and urban scale, population is the foundation of the city, and the size of the city is the embodiment of the degree of urban development. The total number of migrants in developed regions is extremely large, which is also a manifestation of industrial development and attractiveness. The size of the city is also an important indicator, and the built-up area of a city always corresponds to the level of the city.

3) Location traffic is a reflection of the city's radiation capacity, the radiation capacity is an important parameter. Big cities always have a certain ability to radiate, which is also the basis of the city group that the country has been developing.

4) Cultural education and research are the soft power of a city and the foundation of a city's sustainable development. Measuring a city, economic strength is important, but soft power is also a kind of capital, which is the driving force for the sustainable development of a city.

Luxury brands have been expanding the store networks in tire-one cities in China such as Beijing, Shanghai, Guangzhou and Shenzhen, where there are country’s wealthy people.
consuming and spending money on luxury (Pan, 2017). Additionally, Jing Daily previously reported that when it comes to shopping luxury items in store, Chinese consumers tend to go to high-end brick-and-mortar stores in first-tier cities.

Based on South China Morning Post (2016), there are 613 cities in China which are divided into four tiers. There are many factors that can influence the definition of a tier; however, they will fall within three categories mainly: by GDP, politics and population, respectively. GDP classification is used to classify the cities by gross domestic product, ranging from $350 billion (US dollars) to under $20 billion (US dollars) annually. Figure 2.6 shows the classification of tier-cities in China; however, it does not include Hong Kong and Macau due to they are special administrative regions (SAR) which refers to the provincial-level administrative divisions in China that is directly under central government’s control and own the highest degree of autonomy (Yu, 1991). Based on the economic capabilities and the luxury stores that open and function in the tiers of cities in China, most of the luxury brands which have department stores and flagship stores coverage in tier one and tier two cities (Pan, 2017). Pan (2017) additionally states when it comes to brick-and-mortar retail sector, luxury brands are wisely seeking the locations where the profits rise, one of the most important reason is residents in tier one cities have more disposable income to spend on luxury, however in tier two and tier three cities, residents have less disposable income to spend across the nation. Another essential factor that causes high consumption of luxury in Chinese top cities is domestic travelling mainly from tier two and tier three cities, residents who are ultra-wealthy enjoy visiting Beijing, Shanghai, Hong Kong, etc. and shopping luxury during trips (Pan, 2017; Market to China, 2017).
According to Luxe Digital’s (2018) report, tier one cities in China maintain high-end retail market development, and flagship stores in those cities create more demand and gather more customers from tier two and tier three cities. Therefore, it is essential for luxury brands to remain a connection between the major and secondary markets in China in order to capture more business opportunities. **From this point of view, hypothesis 5 is considered and will be listed later in 3.9.**

As mentioned previously, flagship stores are extremely crucial for a luxury brand to establish perception in Chinese market. Although the preference of online purchases has been emerged among consumers in China, only 18 percent of luxury products will be purchased online by 2025 (Bu, Durand-Servoingt, Kim, and Yamakawa, 2017). Therefore, it is a key for brands to focus on store environment to create store atmosphere and consumer
perceived value. In recent years, China has been investing in large shopping malls which will generate and impact the purchase experience for luxury consumers (Luxe Digital, 2018). For instance, Shanghai as a tier one city and Hong Kong as a SAR, some of the malls are designed to feature Claude Monet’s paintings in order to attract consumers.

Based on the analysis on Marketing to China (2015), Chinese consumers have been attracted by niche luxury brands such as Celine, Michael Kors, and Tory Burch. Chinese consumers tend to start to avoid popular shopping area. Instead, they prefer smaller shops to pursue exclusivity and they start to avoid popular shopping area. Instead, they prefer smaller shops to pursue exclusivity pay more attention to self-expression and show their individuality. Therefore, it is necessary for luxury brands to realise the importance of creating an in-store ambience in order to offer excellent shopping experience.

Martin Roll (2017) indicates that Chinese consumers not only value luxury product itself, but also, they start to look at the luxury shopping experience. Due to this reason, luxury stores are concentrating more on creating flawless in store atmosphere and offering optimal customer service. Chinese people are living in cities that are saturated with shopping mall. It is tedious to decorate the malls all the same. K11 in Shanghai and Hong Kong host art exhibitions and diffuse unique scent to keep the air flowing (Daxue Consulting, 2016). A challenge that has been arisen for luxury brands is the way they offer the service that consistent their brand image with consumer demands, which means the appropriate sale associates in the stores that located in second and third tire cities are the problem that has emerged (Marketing to China, 2015). One approach that has been suggested by Daxue Consulting (2016) is to implement consumer relationship programs which consumers are under optimal important monitor, and their data can be collected effectively with the program in order to offer superior service and identify potential sales opportunities.
Festival in-store design is another chance for luxury brands to draw customers and establish long-term branding (Moxley, 2014). Moxley (2014) on Jing Daily further explains that not only the festival store design in China can consistent with Chinese culture and consumer’s expectation, also the Chinese festival in-store design is able to attract the third world largest spenders - Chinese consumers in European and American countries. Gucci has designed a special dog-related collection for Chinese New Year, 63 pieces of items feature hand-painted portraits of Bosco and Orso dogs across women’s and men’s ready-to-wear, handbags, shoes, small leather goods, accessories, and luggage, which all have bespoke packaging (Dorfer, 2018). Gucci’s special dog’s year collection made Chinese consumers who were born in dog’s year special and dog’s collection was consistent well with the Chinese New Year festival, which drew Chinese consumer’s attention.

2.10. Chapter summary

Store environment is viewed as a way for creating the store image and a component of perception (Martineau, 1958). Store environment influences various stages of shoppers’ cognitive process inside a store, including attention, perception, categorisation and information processing (Lam, 2001). Ward, Bitner and Barnes (1992) explain that the influence of store environment on these cognitive stages would subsequently affect evaluations of the store, its merchandise and service, and hence on the shopping behaviours or outcomes. Store atmospherics can be viewed as an essential advantage for differentiating and competitive advantage. The in-store environment was poorly rated by 74 percent respondents who suggested that visually it was appeared neglected. The review provides the concepts and significant of the store atmospherics that each element can be influential for the impact on consumer behaviour.
Chinese consumers are constantly growing no more than ever, it is essential for luxury brands to structure the business models based on the different regions and different income level in China. Those Chinese consumers who are tenured demand one-of-a-kind luxury items, however the emerging middle class continue to require traditional designs and logos. It is necessary for luxury brands to fill the gap between the middle market and primary market.
Chapter Three: Consumer Behaviour

3.1. Introduction

Any organisation wants to survive and grow in market; consumers have to be considered as “life blood” (Cant, Van Heerden and Ngambi, 2010). Without consumers, there is no market. It is essential to understand that the success of an organisation is not only made by knowing the demand of consumers, more importantly, organisation needs to understand how consumers make their purchase decisions (Nell, 2013). Therefore, organisation should be attentive to the elements and factors that influence consumers’ decision-making process during purchasing. Although there is an abundant literature about consumer behaviour, this chapter will focus mainly on the customer behaviour in the certain store shopping environment within the Chinese market in a luxury sector. With the dynamic growth of the Chinese luxury market, it is important for luxury brands to understand what Chinese consumers believe luxury is, why they buy luxury products, and how they perceive luxury value and how their perception influences their buying behaviour.

The last chapter of the in-store environment discussed that the store itself is capable to offer a unique shopping environment for consumers that will influence their patronage decision (Baker, Grewal and Parasuraman, 1994). With regard to retailers, store atmosphere is to design the shopping environment in order to create the psychological effects in consumers to enhance the possibility of their purchasing; for consumers, the in-store environment is their perception of the level of surroundings’ quality, which is possible that they might not be the same as the store atmosphere that is defined by retailers (Kotler, 1973). The level of pleasure experienced in the shopping environment is positively influenced by the in-store atmospheric stimuli, which in turn, the shopping behaviour is positively related to store environment-induced emotional states (Tai and Fung, 1997). Baker (1986) considers that the design of a
retail environment is able to produce special emotional influence on consumer's mind state in order to increase purchasing possibilities. Baker therefore divides the environmental dimensions into three categories. First is ambient cues, which include music, lighting, noise, odour, etc.; second is design cues, which include layout, style and architects; the third category is social cues, referring to the factors that related to people that involve in the retail environment, including customers and employees.

3.2. The concept of consumer behaviour
Creating a superior shopping experience is one of the most essential objectives for retailers within shopping environment nowadays (Joshi and Kulkarni, 2012). The trend has been emerged that retailers have embraced the notion of consumer shopping experience into their mission statements and brand images. Consumer experience involves cognitive, emotional, social and physical responses. Those responses and behaviours are not only affected by internal elements that can be controlled by retailers, such as the in-store atmosphere, service quality, price, etc.); but also by those factors that are not easy to control by retailers, for instance, the influence of friends, families and social media, and the purpose shopping.

3.3. The definition of consumer behaviour
Solomon, Russell-Bennett and Previte (2013:2) state that consumer behaviour is a field that draws on different disciplines such as psychology, economics, and sociology to explain the choices that consumers make. It is also referred to the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs or desires (Solomon, Bamossy, Askegaard and Hogg, 2016:3).

3.4. Conceptual model
On the basis of S-O-R paradigm, Mehrabian and Russell (1974) present a theoretical framework (figure 3.1) for proposing three basic emotional states that arbitrate approach or
avoidance behaviours in a certain environment (Sherman and Smith, 1986; Donovan and Rossiter, 1982). Donovan and Rossiter (1982) additionally point that any retail stores can produce three emotional dimensions that can be characterised in PAD model. Pleasure relates to the degree to which the customer feels satisfied with the shopping environment; arousal comes to the degree to which the customer feels motivated in the situation; and dominance refers to the degree to which the customer feels free to act in or in control of the environment (Mehrabian and Russell, 1974; Russell and Pratt, 1980; Donovan and Rossiter, 1982). Donovan, et al (1994) point that most of the studies since PAD has been presented have replied on post measured about emotional experiencing when shopping. The studies have used realistic buyers in the shopping environment, and then relate their emotional states in shopping environment to the behaviours when unplanned spending time occurred (Yalch and Spangenberg, 1990). However, Donovan, et al (1994) additionally state that post-measured emotions can be modified because of the influence from post-purchase emotions and memory errors of emotions when the shoppers were in the shopping situation. PAD model is able to illustrate that emotional response can actually cause a variety of shopper’s behaviours, for example the time and money they spend in the shopping environment (Lam, 2001).

![Figure 3.1 The Mehrabian – Russell Model (Mehrabian and Russell, 1974)](image)

Spies, Hesse and Loesch (1997) state that if stimulus is identified to be an optimal level of complexity, it is supposed to obtain the most attractiveness. However, if the level of complexity is deviating from the optimal level, the higher or lower complexity will lead to
less attractiveness within the environment (Spies, et al, 1997; Backstrom and Johansson, 2006). The complexity of stimuli is determined by information rate and layout. Information rate is referred as the information units that are offered in a certain time in the specific environment (Bost, 1987). Berlyne (1971) proves that if information rate is overly high, then consumers will be under pressure; however, if information rate is low, consumers may find the store is tedious. Similar assumption can be applied to layout, which is supposed to be not simple, and that will allow the possibility for store to surprise consumers (Turley and Milliman, 2000). A successful layout depends on whether there is a clear concept of the store, consumer can easily find the products, or different departments have been separated clearly (Turley and Chebat, 2002). Carefully layout will be able to deliver the signs of the store and the store image to individual, in order to deliver the feeling of individual control (Berlyne, 1971).

Mehrabian – Russell model indicates that pleasure and arousal are the two significant mediators of intended buying behaviours that are psychologically represented by consumers within the store atmosphere. Pleasure refers to the level of a person that feels joyful or satisfied under an environment, and arousal refers to the level of a person feels stimulated, active or excited under an environment (Tai and Fung, 1997). The model of PDA (figure 3.2) illustrates that any environment has capacity to emotionally induce and produce a variety of emotional states to individuals. Additionally, Mehrabian and Russell (1974) hypothesise pleasure is essentially related to the measures of overall approach – avoidance behaviours. In this context, arousal is positively related to approach behaviours under a pleasant environment because of its interactive impact with pleasantness.
3.5. Consumer perceived value

Customer perceived value refers to the value that the consumer’s overall assessment of the product based on the received and given perceptions (Zeithaml, 1988). The ratio between quality and price is the most common explanation of this definition of value, which refers to value-for-money conceptualisation (Cravens, Holland, Lamb & Moncrieff, 1988). Woodruff (1997) argues that if the consumers were value-driven, then it would be necessary for retailers to understand the meaning of consumer’s value and achieve the demanding market advantage. Quality and price have different influences on perceived value. For some consumers, perceived value is to those products that have low prices, while others perceive value as the balance of price and quality (Zeithaml, 1988). Therefore, for different consumers the perceived value may have various weighted. However other scholars suggest that it is too simplistic to consider value as a trade-off between price and quality (Bolton and Drew, 1991). Porter (1990:37) states that “superior value to the buyer in terms of product quality, special features, or after-sale service”.

Perceived value can happen in any stage of purchase process (Woodruff, 1997), while satisfaction is commonly agreed to be occurred at post-purchase and post-use stage for evaluation (Hunt, 1977). Consequently, perceived value can occur without the products or services being purchase or used, however, the level of satisfaction depends on the experience.
of using the products or services. Parasuraman and Grewal (2000) illustrate that the service quality is an essential point for consumer perceived value. On the basis of consumer value, the factors that will cause different evaluations of consumer perceived value are clear, which are the benefits that consumers receive and the sacrifices the consumers have to make under different period of time and under different situations when they are using the products and receiving the services (Bolton and Drew, 1991).

3.6. The stimuli of consumer behaviour

Retailers understand that under the situation where the products are similar among them, the in-store experience will differentiate one from another, which can become a competitive advantage (Joshi and Kulkarni, 2012). A key factor of the overall consumer satisfaction with a brand is the in-store experience. The expectation that retailers create from advertising and the online experience will be evaluated since the customers enter the store. Joshi and Kulkarni (2012) list three levels of services that should be considered:

<table>
<thead>
<tr>
<th>Service that enhances overall shopping experience:</th>
<th>Service that enhances overall sales experience:</th>
<th>Service that enhance overall retail experience:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retailers offer the service that create enjoyment and satisfaction to customers, such as knowledgeable, friendly and helpful assistants, store displays and fitting room designs and equipment.</td>
<td>Those services that simplify the sales experience, such as the multiple payment methods, more convenient flexible return and exchange methods and policies, and various delivery options.</td>
<td>The service that can reinforce the consumer’s perception of the brand, for instance, support and additional facilities for children, and loyalty programmes.</td>
</tr>
</tbody>
</table>

Figure 3.3 The effects of service on consumer behaviour

Joshi and Kulkarni (2012) consider service and environment as two factors that the in-store environment is based. The service mix offered by retailers is the most important differentiator within the overall shopping experience. Customers link the experience of product purchase with other experiences to establish their overall impression about the retailers. The in-store
atmosphere can not only differentiate a retailer from others, also it has a role to attract task-orientated and recreational consumers.

3.7. The cultural factors that influence Chinese consumer buying behaviour

Luxury consumption is embedded in various cultural contexts. Wong and Ahuvia (1998), for example, state that Asian luxury consumption is mainly influenced by factors such as Confucian collectivism, individual or group demand, modesty and frugal value. In general, it is more likely that Chinese luxury consumers are more concerned with external social needs rather than internal personal needs. As Yang (1981) indicate, Chinese people pay attention to their image as a group member and often seek to integrate into a social group by owning a luxury brand. At the same time, this inclusion will distinguish between members of the group and other camps. Wong and Ahuvia further argue that Asians are more likely to value symbolic values than luxury products with hedonic value, especially in the context of public consumption. Explicitly, Chinese consumers pay more attention to brand and origin of luxury products, and tend to prefer famous foreign luxury brands with popular logos.

Despite the low average income, “saving face” is considered to be an important driver of Asian consumers’ strong interest in luxury goods. (Zhou & Belk, 2004; Zhou & Nakamoto, 2000). “Saving face” is defined as a person who believes that his actions during a particular contact effectively validate the positive social value he claims (Goffman, 1967:5). Compared with Western culture, face play a more prominent and profound role in Chinese culture (Ho, 1976). In addition, this concept involves both personal qualities and non-personal characteristics such as social relations, wealth and authority (Ho, 1976). In a legitimate situation, the symbolic status value and prestige combines luxury consumption with face. As N. Zhou and Belk argued, enhance and maintain “face” is the main driver for Asian
consumers purchase luxury products. Similarly, Li and Su (2006) state that Chinese consumers are more likely to associate product brands with prices than US consumers are. Gifts are considered another important motivation for Chinese luxury goods purchases. Expensive gifts reflect the hierarchy of society and the balance between maintaining group and individual needs. Ger and Belk (1996) emphasise that Asians often buy luxury goods for family members and they believe luxury brand could “package” their families in order to show off their family wealth and status. Previous studies (such as Bond, 1991, 1996; Bond & Lee, 1981; Gu, Hung, & Tse, 2008) linked gifts to the establishment of Chinese society. “Guanxi” is interpreted as interpersonal relationships and play an important role in the daily lives of Chinese. Chinese culture values harmony of interpersonal relationships, and accordingly, gifts or favour exchanges contribute to maintain and expand this relationship. People often are obliged to return favours for reciprocity. As a result, an interlocking and mutually obligating guanxi is developed and maintained over time. People are often obliged to return mutual benefits. As such, “guanxi” has been developed and maintained as an mutual and interlocking relationship (Bond, 1991, 1996; Hwang, 1987). Along with “face saving,” the “guanxi” culture encourages consumers to chase luxury products and buy luxury products even beyond their capabilities. Chinese consumers are likely to think that the more expensive the gift, the higher the recognition, the more “face” they get, and the better the relationship.

3.8. Consumer decision-making process

The framework (figure 3.4) indicates the five steps that consumers go through during shopping to solve the problem in order to fulfil their needs and demands (Wen, Prybutok, Blankson and Fang, 2014). The process occurs when a consumer realises a need or a problem. The trigger occurs when the need and problem from internal stimuli rise to a level where it is high enough to become a drive for purchasing (Kotler and Armstrong, 2006:138). Consumer
decision happens when attempt to obtain the information of products and services to accomplish the need. Before consumers make the decision, they gather the information and conduct an evaluation to seek out the products and services that can provide the benefits and advantages for the consumer.

In this study, consumer decision-making process is an essential component for in-store shopping. Solomon, et al. (2016:331) suggest that the decision-making process can influence the likelihood that the same choice may be made when the similar needs occur. The process cannot be understood and analysed simply by the result of the final stage, instead, it is important for both researchers and retailers to analyse consumer’s cognitive and emotional process that comes to the final decisions. As presented on chapter 2, all the in-store environmental cues have impact on the consumer’s behavioural responses and decision-making processes. Retailers therefore need to consider the consumer’s cognitive activities when designing the in-store atmosphere, in order to ensure the design is interactive and
assistant to provide a pleasant shopping experience (Kuo, Chen and Hsu, 2012).

Figure 3.4 Decision-Making Process (Adapted from Solomon et al., 2016:331; Boardman, 2015)
3.9. Attitudes of Chinese consumers towards luxury brands

Understanding ATLB (attitudes towards luxury brands) is essential for positioning and marketing luxury brands (Wang, Sun and Song, 2011). Past research has extensively studied ATLB in developed countries. To test the generalisability, Tidwell and Dubois (1996) tested it in France and Australia on two comparable samples. The results show that there is a huge difference between two samples, and that the culture has greatly influenced people's perception of luxury products. Later, Dubois et al. (2005) evaluated ATLB in 20 countries, 19 of which were considered as individualistic culture and remaining one was Hong Kong, which was largely Westernised. The study illustrated three segments on the basis of consumer's ATLB: elitists, democrats, and distant. The elitist attitude represents a view that traditionally luxury consumption is suitable for a small number of elites, that is, the “happy few”. Elites believe that luxury products are for “exquisite” people, because higher education is a prerequisite for fully understanding and appreciating the value of luxury products and services. In contrast, democratic attitudes believe that luxury products are open to more people, that is, “happy many”. Luxury is neither reserved for “exquisite” consumers; nor is higher education a prerequisite to cherish luxury. From democratic attitudes, luxury products and services are not necessarily expensive, so they can be mass produced and supplied in markets. Most respondents describe luxury brand owners as successful and have better taste; less than 2% of respondents described luxury owners as “superficial”; more than half of respondents admitted to their luxury desire, even if the current price is unbearable.

3.10. The influence of age on Chinese consumer’s luxury buying behaviour

In the first introductory chapter, the data has been presented to show the fact that Chinese millennials are willing and financially capable to purchase luxury products with their own salary and parents’ support. Moreover, they have knowledge and more access to the luxury
information than earlier generation. They are recognised as a potential and big market for luxury to develop in China’s market. McKinsey (2019) points that Chinese young consumers are more interested in luxury aspiration, in other words, they are more likely to be attracted to the brands who modernise the stories, launch limited editions, and deliver a superior personal service. As figure 3.5 indicates, 92% of luxury products purchasing transaction are made offline, the preference of shopping luxury for consumers still tend to be in-store shopping. The experiences in the luxury brand stores are still the most influenced to consumers when it comes to purchase decision-making process (figure 3.6), this is one of the evidences of creating the hypothesis 4 in this researcher, which will be listed later in this chapter. McKinsey (2019) further advises the luxury brands to create an exclusive atmosphere through fostering special brand events coordinate with annual calendar, at the same time offering opportunities for consumers to have personalised interaction between brand and consumer.

All Chinese luxury consumers are influenced by both online and offline touchpoints.

Information and channel preference of Chinese luxury consumers
Sources consulted and channel of last purchase experience

<table>
<thead>
<tr>
<th>Gather information</th>
<th>Purchase products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Both offline and online</td>
<td>100%</td>
</tr>
<tr>
<td>Purchase online</td>
<td>8%</td>
</tr>
<tr>
<td>Purchase offline</td>
<td>92%</td>
</tr>
</tbody>
</table>

All respondents have consulted both online and offline sources at least once per week

~16 average number of information sources on luxury accessed regularly per consumer

~3–5 hours spent on luxury and fashion information per week

Figure 3.5 Chinese consumers are influenced by both online and offline channels for luxury (source: McKinsey, 2019)
3.11. The influence of hierarchy of cities on Chinese consumer’s luxury buying behaviour

McKinsey report (2018) states that retailers in China are facing major challenges, including the diversity and complexity of the retail landscape. Consumer preferences vary widely, depending on all aspects of income hierarchy to location, and there is a particularly significant gap between urban and rural populations. The consumption patterns of different age groups are also different: although the wealth of the elderly in the West is more concentrated, most of the luxury consumers in China are under 45 years old. This is the reason why in this study, research will focus on those consumers who were born between 1980 and 2000, which drops into generation Y and early generation Z, who are also considered as millennial generation (McCrindle, 2006).
Hypothesis 4 a consumer’s age will influence their emotional, cognitive and psychological perception and states towards store environmental cues has been designed based on the facts that have been discussed above.

It’s important for foreign companies to understand the socio-economic differences between cities. Depending on the specific urban environment, consumer behaviour can vary widely. Bain report (2012) shows, where consumers live can affect their behaviour. Consumers in tier 1 and tier 2 cities purchase more brands than peers in tier 3 to tier 5 cities because they buy more frequently in one category. There is a major factor that causes the behaviour in tier 1 and tier 2 cities to prevail. Modern trade is prevalent in these cities, offering a wider range of brands.

Hypothesis 5 has been derived from this point of view for this research: the hierarchy of Chinese cities where consumers are living will have an influence on their cognitive, emotional and physiological states towards the luxury in-store environment, which will subsequently have impact on approach or avoidance behavioural response.

3.12. Chapter summary

A review of existing literature on consumer experience and behaviour as presented in this chapter has guided the research by providing a basic framework. This chapter presents the definition and key theories of consumer behaviour construct. It perceived the consumer experience as a multidimensional construct involving the customer’s cognitive, emotional, social and physical stimuli, and thus being holistic nature (Verhoef et al., 2009). However, this literature does not show the behavioural differences between genders, which can be valuable for future research.
Chapter Four: Methodology

4.1. Introduction

Research methodology refers to the techniques which are utilised to investigate, gather and analyse data with the purpose of obtaining valuable information that can be applied to settle the problems that arise in the society (Amaratunga, Baldry, Sarhar and Newton, 2002). The main purpose of constructing a research is to solve the questions. As such, the research methodology is to ensure the objectives are met and answer the research questions outlined later in the chapter.

This chapter provides a guide to use research methods to solve research questions and meet research objectives. Firstly, the researcher will introduce the philosophy of the research, including the perspectives of ontology and epistemology. Secondly, inductive and deductive research approaches will be discussed. In this research, primary data and secondary data are the main source of information. Thirdly, advantages and disadvantages of qualitative and quantitative research methods will be evaluated in order to choose the more appropriate one for further research investigation. After deciding to use quantitative research method, questionnaire will be the data collection method, and then researcher will present the approaches of collecting and analysing data. The questionnaire design will be discussed next including population of the study, target population and sampling size. Furthermore, the data collection procedures and data analyse plan will be generated finally.

4.2. Research philosophies

The research philosophy that the researcher adopts indicates the way they make important assumptions about viewing the world, these assumptions will determine the research strategy and the methods (Saunders, Lewis and Thronhill, 2007:101). Gelo, Braakmann and Benetka (2009) also suggest that each research study requires a foundation of philosophy to make sure
the study is based on an appropriate methodology. Easter-Smith, Thorpe and Jackson (2012) summarise the reasons to indicate how important the research philosophy is. Firstly, the research philosophy promotes clearness of the research design and it allows the researcher to have an appropriate answer to meet a question; secondly, it allows researcher to investigate the research design limitation in order to have more efficient work; thirdly, it delivers opportunity to researchers to adapt designs from outside their experiences. Saunders, et al. (2007) discuss two main philosophical stances which are ontology and epistemology, and their different influences on research process.

4.2.1. Ontology

Ontology refers to the researcher’s belief regarding to the nature of reality (Saunders, et al., 2007 and Bryman and Bell, 2011). Easter-Smith et al. (2012) consider ontology as the beginning of the philosophical debate because it depends on the researcher’s assumptions about the nature of the entities. Ontology is divided into objectivism and subjectivism (Saunders, et al., 2007). The difference between two subjectivism and objectivism is as follows: the objectivism is defined to consider social reality from an reality from an objective entity that contains the external reality of social actors, whereas subjectivism refers to the social phenomenon arising from the behaviour and perception of individuals (Bryman and Bell, 2011).

Fundamentally, the individuals view the world in many different ways. The primary distinction between objectivism and subjectivism is that of the general versus the specific. Objectivism suggests that there is a widespread and general understanding of constructs and concepts; subjectivism, on the other hand, argues that the understanding partially is determined by individual’s experience and context, in which views the world in different ways.
4.2.1.1. Objectivism

Objectivism posits the philosophical assumptions regarding reality (Gelo et al., 2008). Bryman and Bell (2011:21) state that objectivism implies that everyday discourse categories we use in social phenomena has an existence and independence. Thornley and Gibb (2009:138) comment that individuals in the society are told the meaning of objects, so that there is consistency between the understandings and society. Bryman and Bell (2003) point that, an individual can understand an object’s physical characteristics and appearance by gathering factual information without actually experiencing it.

4.2.1.2. Subjectivism

Subjectivist believes that social phenomena depend on social individual’s experience (Gelo, et al., 2008). Saunders et al. (2009) state that it is necessary for a researcher to understand a consumer’s subjective reality, in order to knowledge their behaviours and purchase decision process.

It is essential to understand and uncover the meanings and significances that are created by individuals who have experienced social processes, from this point of view, Creswell (2009) points out that subjectivism is interacted with social constructivism. For instance, a consumer that has a purchasing experience within a shopping experience will create a subjective view regarding to the experience. The opinion that they generate will have an impact on their future motivation, action and behaviour (Saunders et al., 2009).
4.2.2. Epistemology

Epistemology refers to the approach with respect to how a researcher learns about the world, reality and the foundation of their knowledge (Ritchie, Lewis, McNaughton, Nicholls and Ormston, 2013). It investigates the beliefs, knowledges and the evidences of the ones which we turn to justify beliefs and truth (Hannabuss, 2007). Epistemology is concerned with how intelligence and knowledge have developed within an individual.

There are two fundamental epistemological paradigms: positivism and interpretivism (Bryman and Bell, 2003), which are associated with either quantitative or qualitative research methodologies. Hannabuss (2007) states that positivism is related to the objectivism with the position of ontology; interpretivism, whereas, is associated with subjectivism. In other words, direct results can be used without alternative interpretation if the researcher is with positivist perspective, which means the objects are studied in order to test the hypotheses; while interpretivism posits that objects are studied by subjective reality, which associated with the social world by interacting with others (Malhotra, 2010).

4.3. Research methodologies

Based on the nature of this study, quantitative research will be applied in order to collect representative data from target population and respondents. Researchers usually focus on the quantitative approaches in order to understand the influence of in-store environment upon consumer experiences and behaviours through the variety of factors that have been presented (Turley and Milliman, 2000). Quantitative method relies on the statistical data with the use of logical structure, in order to establish the relations among all the pieces of data (Eldabi, et al., 2002). The advantage of using quantitative research method is that the method offers and produces data which is reliable from the large population of required range. In this study, data is collected through online survey from the respondents.
4.4. Research approach

As it is illustrated on figure 4.1, research ‘onion’ shows the research philosophy that has contained different perspectives regarding to philosophy, including positivism, realism, interpretivism and pragmatism. In the figure we could see that these are the first stage where researcher’s beliefs locate (Saunders, et, al., 2007).

![Figure 4.1 Research ‘onion’ (Saunders, et, al., 2007)](image)

4.4.1. Deduction

Deduction involves a theory that developed by thorough test (Saunders, et al., 2007). Saunders, et al. (2009) state that deduction testing theory includes the theories that are relevant to the research then deducing hypotheses and use different research methods to test the hypotheses, therefore understanding the approaches of collecting data that relevant to the theory is essential in order to translate the results through precise terms.
Robson (2002) has listed five stages of deductive research progresses (figure 4.2). Firstly, hypotheses are developed from the theory collected from journal articles, which will exist in following tests. Secondly, different research methods will be applied for gathering relevant data. Then, findings will be analysed from the data that has been collected. Fourthly, researcher will use strategies to test the hypotheses to verify the specific hypotheses can be accepted or not. The final step is to revise the theory according to the findings that have been summarised from the research (Saunders, et al., 2009).

![Diagram of the process of deductive research](image)

**Figure 4.2 the process of deductive research (Robson, 2002)**

Saunders, et al. (2009) have summarised some important features of deductive research. Firstly, the relationship between variables can be tested by deduction. Secondly, in order to ensure the selected factors are the only ones that have direct relationships with the outcomes without being influenced by other variables, therefore the second feature is revising the hypotheses. The third feature is generalisation, the aim of it is to select samples in a sufficient
size, and confirm the research has high credibility to support the outcomes. Moreover, the deduction mostly is used in quantitative research method (Bryman, 2015).

4.4.2. Induction

Induction, however, is mostly used in qualitative research method. It refers to build theory (Saunders, et al., 2009), which has opposite process comparing with deduction. Induction’s process is from research findings to acquire theory.

In order to distinguish deduction and induction, one approach is to use the definitions of ‘what’ and ‘why’. Induction can be identified as collect the findings first to support the research questions and why the process has happened, instead of using the theory to investigate.

In this study, researcher began a research by considering theories which have been developed in conjunction with a topic. Deductive approach allows the researcher to think thoroughly about the research that has been conducted then develop a new idea about extending the theoretical foundation. While inductive approach moves from bottom to up, in other words, from specific to general.

4.4.3. Research approach adopted

In this study, researcher has reviewed thoroughly of the literature related to the influence of in-store environment upon consumer behaviour, and those theories have been tested to be valid in given circumstances based on the research topics. Then in present study, researcher extended the topic to luxury sector in Chinese market. With the foundation of literature, the research will come up with hypotheses based on the purpose of present topic, then the hypotheses will be tested through research process. The research aim is to analyse the influence of luxury in-store environment upon consumer behaviour in Chinese market. A
sufficient amount of data will be collected to support the hypotheses. As such, the researcher has chosen to use deductive approach to launch the investigation.

4.5. Data sources

The purpose of data collection is to support the research objectives. With the logical structure, it can deliver a deep understand to the readers. Furthermore, the data sources can be divided into primary data and secondary data. Secondary data refers to the data that collected from other study or organisation report, it supports researcher to solve the questions arise in research. Whereas primary data is collected by researcher through qualitative and quantitative methods, which include interview, questionnaire, observation, etc. (Saunders, et al., 2009). The following sub-sections will further explain primary and second data with the dimensions of definitions, comparisons and limitations.

4.5.1. Primary data

Primary data is the new data that has collected by researcher themselves through quantitative or qualitative research methods (Malhotra and Birks, 2006; Saunders, et al., 2009). There are different approaches to collect primary data, the most common methods are interview and observation. Interview compares to observation has more interaction between the answerer and researcher.

4.5.2. Secondary data

Secondary data is collected by the researchers or companies for their own purpose of research, which has no direct connection with current research topic; instead, it has supportive effects with the current topic (Tull and Hawkins, 1993). Secondary data can be considered as industry and market data which is used to help researcher understand and justify the context of the research and measure the new findings against existing data.
Compared with the primary data, secondary data can be collected easily and quickly, also it is money and time saving for collecting secondary data (Malhotra, 2007). It is worth noting that there is no absolute reason to replicate the data if there is relevant and accessible data available. However, the need for primary data can be determined by considering a number of secondary data conditions, as they are shown in the following sections.

1) Availability

Due to the nature of secondary data that it is collected from other researchers and companies, hence the data is not directly related to the current research. For this reason, primary data is required to be collected to solve the research question and achieve research objectives.

2) Relevance

Data relevance is to decide whether if the data can be used in the current study. If the data that has been collected cannot solve the questions, the measurement unit for the data relevance does not meet the requirement of the current study (Parasuraman, Grewal and Krishnan, 2004).

3) Accuracy

Due to the possibility that not all the information can be used in the current research, especially the secondary data that is collected from existed researches and second researches rather than ordinary ones. Therefore, the credibility of the research depends on whether if researcher would use this type of data as secondary data (Tull and Hawkins, 1993).

4) Sufficiency
Adequate data should be available for the research. Secondary data may meet the standards of availability, relevance and accuracy. However, the primary data is necessary to satisfy the specific research.

4.5.2.1. The advantages of secondary data

Secondary data provides assistance for the researcher to compare studies that might facilitate design of the current study (Saunders, et al., 2009). Additionally, secondary data offers the researcher insights that they might not have discovered, therefore the researcher has opportunities to revise and alter the research objectives of the current study (Saunders, et al., 2009). Moreover, the secondary data can solve some specific problem and support primary data to reach a comprehensive aspect. The other advantages of secondary data are low costs, easy accessibility and time saving compared to primary data collection.

4.5.2.2. The disadvantages of secondary data

Secondary data can only meet partially research objectives. Some sources of the data might be modified by other researchers for their purpose of study (Saunders, et al., 2009). Due to the large amount of data existing, the collecting process can be complicated for the researcher to acquire the most relevant data (Bryman and Bell, 2011).

<table>
<thead>
<tr>
<th></th>
<th>Secondary data</th>
<th>Primary data</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advantages</strong></td>
<td>Quick and easy collection</td>
<td>Newest data</td>
</tr>
<tr>
<td></td>
<td>Low cost</td>
<td>Specific for current study</td>
</tr>
<tr>
<td></td>
<td>Provide research insights for researchers</td>
<td></td>
</tr>
<tr>
<td><strong>Disadvantages</strong></td>
<td>Inapplicable information for current study objectives</td>
<td>High cost</td>
</tr>
<tr>
<td></td>
<td>Exist errors in data</td>
<td>Time consumes</td>
</tr>
<tr>
<td></td>
<td>Complexity for obtaining relevant data</td>
<td></td>
</tr>
</tbody>
</table>

Figure 4.3 the comparison of primary and secondary data (summarised from context)
4.5.3. **Primary data and secondary data used in this research**

Even though the secondary data can provide a large part of relevant information to support research hypotheses, to meet researcher’s purpose, primary data will be the essential key for analysing the influence of the in-store environment upon consumer behaviour in Chinese market. Furthermore, the primary data has more reliability that has direct relationship with the current research topic, and it will support research structure to be logical and suitable for the research aims.

**4.6. Research methods**

Research methods will be applied for collecting primary data, which can be divided into qualitative and quantitative approach (Saunders, et al., 2009). The main feature of qualitative research is to identify research questions and hypotheses to support quantitative research (Malhotra, Birks and Wills, 2010).

**4.6.1. Qualitative**

Qualitative research uses inductive method and collects data about consumer’s attitude and behaviour, social research such as collective histories. In a consumer context, qualitative research methods focus more on response’s opinions and their mind about a topic in order to get more subconscious aspects. The main methods to collect qualitative data are interviews, observations and focus groups (Easterby-Smith, Thorpe and Jackson, 2008).

Qualitative method contains six steps among research process (figure 4.4: Bryman and Bell, 2011). Firstly, researcher needs to explain and clarify the questions that need to be solved in the investigation. Then the relevant subjects can be chosen which depends on which organisation that the researcher wants to investigate in order to obtain more relevant data. After researcher choosing the approaches, such as interview, observation and examination, the data can be collected. After gathering sufficient data, researcher will classify the data. The
final step is to summarise the findings from the data collection and illustrate them in the conclusion.

Figure 4.4: the process of qualitative research (Bryman and Bell, 2011)

### 4.6.2. Quantitative

When doing quantitative research, deductive method is usually applied. The theory will be always presented at the beginning of the research. Therefore, most of the quantitative research focuses on piloting and verifying hypotheses, additionally having a logical structure to collect data and analyse data (Saunders, et al., 2009).

There are eleven steps in the quantitative research process (figure 4.5). The first two steps, theory establishment and hypotheses generation are the most essential steps which use deductive method to present the theory of the research and to relate it through building hypotheses. Next, researcher needs to design the research by creating a research framework to generate a logical structure of research. Then the respondents are chosen by researcher for obtaining accurate data for the research purpose. Next step is to piloting the method, in this research, questionnaire is the main method to collect data, which means in pre-testing the questionnaire is necessary with several respondents in order to make any alters before completing. The next two steps are preparing data and analysing data to transform into
computer code in order to verify the relationship with variables. Eventually, researcher uses the data to draw conclusion and write into report (Bryman and Bell, 2011). In this study, researcher creates the research framework (section 4.7) based on Bryman and Bell’s (2011) process of quantitative research.

Figure 4.5: the process of quantitative research (Bryman and Bell, 2011)

4.7. Research framework

In order to meet the objectives of the study, a theoretical framework is applied to underpin the research methodology. As the foundation of the environmental psychology, this chapter will outline the Stimulus – Organism – Response (S-O-R) theoretical paradigm that has adapted and will justify the reason that it has been chosen to investigate the research.

Figure 4.6 has presented the fundamental of the literature, concerning the influence of in-store environment upon consumer behaviour. Research aims to discover consumer’s emotional responses towards each variable of store atmospherics. The purpose of future research will be on discovering what behaviours are created from such emotional responses. To important extent, this will form the recommendations for retailers to enhance their store atmospherics in order to achieve beneficial outcomes.
4.7.1. The S-O-R research framework (theory)

The S-O-R paradigm (Figure 4.7) was developed by Mehrabian and Russell (1974), which is based on environmental psychology. It illustrates that individual emotional and cognitive states are influenced by environment effects, which in turn, have an influence on the consumer behaviour (Mehrabian and Russell, 1974). Based on Donovan and Rossiter’s research (1982), they applied S-O-R model to in-store atmospherics, in order to discover how the store environmental stimuli impact on a consumer’s emotional state and cognitive perception. With the use of S-O-R paradigm, Donovan and Rossiter (1982) discovered that the in-store environmental cues could influence the mood of consumer, thus affected their behaviour under the shopping situation. Figure 4.8 shows the framework that created by Donovan and Rossiter (1982). Therefore, hypotheses regarding to relationships between consumer emotional responses and their shopping behaviours can be illustrated by the model.

![Diagram of S-O-R framework]

Figure 4.6: S-O-R framework
The general S-O-R-model (S = stimulation, O = organism, R = behavior)

Figure 4.7 S-O-R model (Mehrabian and Russell, 1978)

<table>
<thead>
<tr>
<th>ENVIRONMENTAL STIMULI</th>
<th>Emotional States:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PLEASURE</td>
</tr>
<tr>
<td></td>
<td>AROUSAL</td>
</tr>
<tr>
<td></td>
<td>DOMINANCE</td>
</tr>
</tbody>
</table>

Figure 4.8 PAD model (Mehrabian and Russell, 1974)

4.7.2. Research hypotheses and research questions

Based on traditional S-O-R paradigm, Figure 4.9 as a conceptual model has been created. The model proposed that the in-store environment design influences the consumer’s emotional states and cognitive perception, hence has impact on consumer’s emotional decisions. It investigates the possibility of user’s affective, cognitive perceptions (organism) will be influenced by the in-store environmental cues (stimuli), hence impact on their approach or avoidance behaviour in terms of luxury retailing place (response). Additionally, the model
will examine whether the consumer’s motivation of shopping will impact on their response towards the in-store environment. Therefore, based on the nature of literature review, the following hypotheses have been presented:

**Hypotheses**

**H1.** The in-store environment cues will influence a consumer’s affective and cognitive perception towards the atmosphere.

**H2.** A consumer’s affective and cognitive perception will influence their response to the store atmosphere in terms of approach or avoidance behaviour.

**H3.** The in-store environment design will influence the consumer’s approach or avoidance behavioural response.

**H4.** A consumer’s age will influence their emotional, cognitive and physiological perception and states towards store environmental cues.

**H5.** The hierarchies of Chinese cities where consumers are living will have an influence on their affective, cognitive, emotional and physiological states towards the luxury in-store environment, which will subsequently have impact on approach or avoidance behavioural response.

**Research question:**

1. Does in-store environment influence purchase behaviour?

2. What are the components of in-store environment that have influence on purchase behaviour in a luxury sector in Chinese market?

3. Does age has influence on affective and cognitive responses within luxury in-store environment?
4. How do Chinese consumers in different city levels behave differently in luxury store with effective environmental design?

Each of the hypotheses will be explored and tested during the research method and data collection, while research questions will be applied to investigate the research hypotheses.

**4.8. Population of the study (respondents selection)**

The population of the study refers to those elements and subjects that share the particular dimensions. In this study, the population of the research is constructed by the consumers that visit luxury physical stores in China’s different tiers of cities. The purpose of entering the shops could vary, because the main focus is on their attitudes, motivation and behaviours in the shopping environment with atmospheric designs.

**4.9. Target population**

<table>
<thead>
<tr>
<th>Generation</th>
<th>1980 - 1994</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generation Y</td>
<td>1980 - 1994</td>
</tr>
<tr>
<td>Generation Z / Me / M / Net / iGen / Digital Generation</td>
<td>After 1995</td>
</tr>
</tbody>
</table>

Figure 4.9 Generation classification adapted from McCrindle, 2006

The target population of the research is among those consumers who were born between 1980 and 2000, which drops into generation Y and early generation Z (McCrindle, 2006) as shown on figure 4.9. McKinsey (2017) points out that after the luxury consumption dropping to the lowest level in 2016 since the economic crisis, Chinese consumers, as one of the largest forces of luxury spending globally, have gained much attention. Bain & Company (2017) reports that millennials between 20 years old to 34 years old have become major contributors to the luxury market growth in China due to the adequate knowledge of luxury and abundant
digital access to the market. They treat luxury fashion as casual, and they favour designer brands and start to purchase luxury products with relatively high frequency at a young age. In the report, Bain & Company (2017) highlights that millennials as one-child generation are more educated and grown up with more choices and access to the fast development of social media and Internet for the information sources to build up their own mindsets about fashion. “As Chinese millennials are maturing, they become more selective and demanding. The generation tends to develop savvier spending habits, while not compromising on quality or taste” (Bain & Company, 2017). As Bain & Company (2019) report that Chinese millennials aged 23 to 28 are financially able to spend on luxury brands. They knowledge about luxury and they are supported not only by their own self-made funds but also parents’ funds. Additionally, 20 per cent growth in the domestic luxury market in 2018 was drive by millennials and women, in which proportion will increase to 50 per cent by 2025 based on Bain & Company (2019).

McKinsey (2017) reports that with the growing incomes and greater access to luxury products from 2008 to 2014, the number of Chinese household spending on luxury products had doubled. Since 2015, the main driver of the increase in luxury purchasing has been shifted from the consumers who made first purchase of luxury products to those existing consumers who incrementally spent on luxury products. This shift suggests luxury brands to invest more in establishing loyalty among consumers who exist than recruiting new consumers.

Master and Kwok (2018) demonstrate that global luxury brands are investing in smaller, less developed cities in China since a crackdown conspicuous spending in 2013. They additionally explain that the spending by Chinese millennials on luxury products have been increasing, which encourage the luxury fashion brands to revamp stores and launch new stores in second and third tier cities where spending on luxury has been growing quicker.
Based on the report of Mater and Kwok (2018), the millennials took up around 30% of the luxury fashion sales in China. The target population of this study is those people who were born in 1980 to 2000, between ages of 18 years old to 38 years old. The members of the population group contain the biggest force of visiting luxury stores and being considered to have more knowledge about luxury, hence have more possibilities to pay more attention to the in-store environment. By targeting the population, the study obtained access to the valuable information regarding to the attitudes, perceptions and behaviours of Chinese consumers under the luxury stores environment in four tiers of cities.

4.10. Sampling size

In this study, the researcher applied snowball sampling to select minimum 150 respondents from the entire population of generation Y and generation X residing in China from different tiers of cities. Snowball sampling is a non-random method used when samples are difficult to find or reach. Snowball sampling refers to a research method that samples and identifies the cases in a network. It begins with one or few people and disseminates based on the links to initial case (Kirchherr and Charles, 2018). This method based on referrals from initial selected subjective to additional subjects, as such, when applying for the method, chain referral is used for recruiting sample group members.

In this study, the researcher is focusing on the influence of luxury in-store environment upon consumer behaviour in the entire Chinese market with hierarchy of cities. It is increasingly difficult to find primary data sources within this situation. Those selected men and women that were born between 1980 and 2000 represent the generation Y and early part of generation Z in China that live in different tiers of cities. Additionally, these members of the target population had experiences of entering into luxury fashion stores in China, which made
them ideal for the study. The application of probability sampling made sure the data would be generalised to apply to the whole population without inconsistency.

As the researcher chose to use snowball sampling method, the tool that the researcher used was Wechat. Wechat is China’s most popular messaging mobile application with a base of monthly user over 1 billion people (CNBC, 2019). Very likely to Facebook, users could share moments with Wechat friends, for example, normal posts like pictures and words, also website link could be shared.

The starting point of the snowball sampling method is five initial direct contacts, and twice shared link to two group chat, which in total gives researcher eleven respondents. To reach people who are located in the age groups, researcher asks five friends who are living in tier 1 to 4 cities respectively, the reason why this is possible is because the researcher came from a tier 3 city, then the researcher went to Wuhan (tier 1) to study for two years as undergraduate. Wuhan has a large number of universities; it attracts students from all over the country. The participants were born in the similar year as the researcher, generally from 1990 to 1995, and they were from different tiers of cities.

Researcher shared the link on Wechat and sent the link privately to friends who located in different age groups and tiers of cities. Also, the researcher shared the questionnaire to two group chat, which contains people who are in different tiers of cities and located in between the age groups, then asked them to share the link to their Wechat friends with the guidance from the researcher.

Before the initial contacts spread out the questionnaire, the researcher gave them guidance of looking for the appropriate respondents, which are: the participants must be living in China, ideally from different tiers of cities with luxury store exits; the participants must locate themselves born in between 1980 to 2000, otherwise the questionnaire cannot be filled and
will be invalid for data analysis; the researcher requests the initial contacts to spread the questionnaire out by social media or if they think anyone could be the appropriate potential contact or participant, they may send the link to that person privately with the guidance from researcher; finally, if the initial contacts will ask the participants they reached to spread out the questionnaire by the same guidance from the researcher. 4.10 shows the stages of the snowball sampling for this research. Anyone who found themselves located in the age groups and were interested in the topic would be able to fill the questionnaire. For those people who were born before 1990, researcher reached her parents first to share the link to their friends who located in the age group in different cities, then asked them to share the link to their friends.

Figure 4.10 The hierarchy of snowball sampling

4.11. Data collection instrument

As mentioned above, quantitative method will be applied for this research to obtain primary data. In order to test the hypotheses and questions, the most common ways are survey and experiment Bryman and Bell (2011).

4.11.1. The value of questionnaire

Questionnaire refers to the series of questions that aim to gather accurate information from respondents. Hair, Babin, Money and Samuel (2003) point that high response rate and
effective responses are the reasons to use the questionnaire to collect primary data.

Questionnaire consists of self-administrated and interviewer-administrated questionnaire.

Self-administrated questionnaire is completed by respondents themselves, and it can be divided into three ways to reach the target population: Internet questionnaire which is through computer or mobile to reach the population; postal questionnaire requires researcher to send the questionnaire by post and respondents have to send them back; and collection questionnaire is delivered by hand and collect the questionnaire after respondent finishing it.

In this study, researcher chose to deliver the questionnaire through Internet in order to speed up spreading and save time in receiving the responses.

Questionnaire is considered to be a time-effective and cost-effective way of data collection with high level of objectivity. Questionnaire research is a useful way for researcher to describe features of large groups. By setting sample size and target population, the results from the respondents allow researcher to generate findings in order to draw conclusions about the whole population. As mentioned above, questionnaire has three different ways to be undertaken, which allow research to include those populations who are widely dispersed to be included in the sample. Furthermore, questionnaire method can be combined with other methods, for instance focus groups and in-depth interviews, which can help researcher identify individuals to collect additional data (Mathers, Fox and Hunn, 2007).

4.12. Questionnaire design

According to Hair, Bush and Ortinau (2006), there are three fundamental question-response formats to design a questionnaire, which are close-ended, open-ended, and scaled-response type of questions. Figure 4.11 illustrates the advantages and disadvantages of three types of question-response formats. In this questionnaire, researcher decided to use close-ended questions and scaled-response questions to collect the data. The advantage of close-ended
questions is that the respondents can quickly answer the question by simply selecting yes or no. While the scaled-response question can be easily picked up five options from strongly agree to strongly disagree. The reason why the researcher uses five options for scaling is that, compare to three-point scale measurement, the respondents will be easily feel limited, whereas seven-point scale measurement has excessive options that respondents might feel challenged to make an option. Therefore five-point scale is more user-friendly, also the researcher can gather accurate data.

<table>
<thead>
<tr>
<th>Question-response format</th>
<th>Open-ended</th>
<th>Close-ended</th>
<th>Scale-response</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advantages</strong></td>
<td>Gather true feelings and attitudes from respondents; Permit unlimited range of answers; No pre-determined answers for respondents;</td>
<td>Quick answer; Consistency improved among the responses; Less cost;</td>
<td>Breakdown the respondent’s attitudes into numbers; Easy for coding analysis; Easy to satisfy respondents with a degree of agreement; Easy for analysis based on coding; Neutral option is available when respondents have undecided attitude;</td>
</tr>
<tr>
<td><strong>Disadvantages</strong></td>
<td>Time-consuming; Answers may differ in levels of details; Coding analysis can be difficult.</td>
<td>Too many options can confuse respondents; Respondents make options without understanding questions; Select the similar answer with their attitude but not the same.</td>
<td>Cannot guarantee the true feelings from respondents; Space between each choice cannot possibly be equidistant; Respondents might avoid “strongly” as it has extreme implications.</td>
</tr>
</tbody>
</table>

Figure 4.11 The comparisons among four question-response formats (Hair, Bush and Ortinau, 2002:450)
The questionnaire is constructed with English language then translated into Chinese with appropriate logic. Because the target population is located in China, the Chinese language will be easier to understand as a mother tongue and it will help with getting more accurate answers.

In the questionnaire, the respondents are supposed to answer some general demographic questions at the beginning to separate them into different data groups through age and hierarchy of cities. Then in part 1 to part 3, there will be general questions regarding to respondents’ attitudes about luxury in-store environment, their opinions regarding to more detailed dimensions of in-store environment, and their personal attitudes of shopping luxury. In part 2, consists of questions regarding to dimensions of in-store environment are asked. The independent variables are music, lighting, colour, temperature, scent, layout and design variables, technology and service in store. The research assured that all the response and information from participants will be private, anonymous and confidential.
<table>
<thead>
<tr>
<th>No.</th>
<th>Construct</th>
<th>Adapted from</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Music</td>
<td>Hui, Dube and Chebat, 1997; Surprisingly, Gulas and Schewe, 1994.</td>
<td>• Different effects of music will show up on different age group of consumers;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Music can influence consumers without them noticing it.</td>
</tr>
<tr>
<td>2</td>
<td>Lighting</td>
<td>Schielke and Leudesdorf, 2014; Quartier, Vanrie and Cleempoel, 2014;</td>
<td>• Lighting can highlight the subjects;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Lighting ensures the visual performance on decent level.</td>
</tr>
<tr>
<td>3</td>
<td>Colour</td>
<td>Bellizzi and Hite, 1992; Turley and Milliman, 2000; Bellizzi and Hite, 1992;</td>
<td>• Colour can affect consumer’s time spent in store;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Danger, 1969.</td>
<td>• Colour may lead to impulse purchase;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Cool- colour background has positive influence on purchase, while warm-colour background attracts people from outside to enter the store.</td>
</tr>
<tr>
<td>4</td>
<td>Temperature</td>
<td>Baker and Cameron, 1996; Baker and Cameron, 1996; Huang, Zhang, Hui and</td>
<td>• Higher temperature causes perception of time in the shopping environment;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Wyer Jr., 2013; IJzerman and Semin, 2009; Cheema and Patrick, 2012;</td>
<td>• Lower temperature around 16.11 °C will lead to negative effect on consumers;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Stremersch and Yin, 2003.</td>
<td>• High social ambient temperature makes individuals socially closer to each other;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Low ambient temperature causes far social distance;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Warm ambient temperature decreases the process of decision – making (19.4 to 25°C).</td>
</tr>
<tr>
<td>5</td>
<td>Scent</td>
<td>Turley and Milliman, 2000; Sabrina, 2014; Mitchell, Kahn and Knasko, 1995.</td>
<td>• Consumers will spend more time on processing product information when a type of scent corresponds with product class;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Inoffensive scent leads consumer to think about products, services and store more positively.</td>
</tr>
<tr>
<td>6</td>
<td>Layout and design</td>
<td>Baker and Cameron, 1996; Berlyne 1971; Turley and Chebat, 2002.</td>
<td>• Proper spatial layout could evolve more positive emotion to consumers that lowers the perception of waiting time;</td>
</tr>
<tr>
<td></td>
<td>variables</td>
<td></td>
<td>• A successful layout depends on whether there is a clear concept of the store;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Careful layout will deliver the signs of store and the feeling of individual control.</td>
</tr>
<tr>
<td>7</td>
<td>Technology</td>
<td>Pantano and Naccarato, 2010; Verhoef, Lemon, Parasuraman, Roggeveen,</td>
<td>• Social influence in adopting an innovation of technology can offer a positive influence on consumer’s perceived intention towards engaging with technology;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tsiros and Schlesinger, 2009; Lee, Cho and Fairhurst, 2010; Grewal,</td>
<td>• The brands need to adopt new technology and be identified to survive and develop.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Roggeveen and Nordfalt, 2017.</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Service</td>
<td>Eroglu and Machleit, 1990; Hui and Bateson, 1991; Lam, 2001; Solomon, 1985;</td>
<td>• Service environment can directly influence emotion through conduciveness to social interaction and distraction;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Baker and Cameron, 1996.</td>
<td>• The more social cues in the store environment, the higher subject’s arousal;</td>
</tr>
</tbody>
</table>

Figure 4.12: Source of variables
4.13. Variables measurement

In the questionnaire (see appendix 1), eight dimensions identified from literature review have been constructed, which are music, lighting, colour, temperature, scent, layout and design variables, technology and service. These scales are consistently adopted from the literature reviews. The research uses scaled-response, which includes strongly agree, agree, neutral, disagree and strongly disagree. In the final analysis stage, they will be shown from 1 - strongly agree to 5 - strongly disagree in order to be accurate.
<table>
<thead>
<tr>
<th>Multi-item of scale measure</th>
<th>No. of items</th>
<th>Sample items</th>
<th>Question adapted from</th>
</tr>
</thead>
</table>
| Music                       | 7            | 1. Music affects how I feel;  
2. I would be more likely to go into the store if the music satisfies me;  
3. Music in store motivates me to buy more;  
4. Listening to music creates an integrated atmosphere with the products and services while shopping;  
5. Pleasant environment created by music makes me spend more time in store;  
6. The adequate rhythm of the background music makes me comfortable;  
7. The sufficient volume of the background music makes me stay more time in store. | 1. Bruner, 1990; Duong, 2016;  
2. Hui, Dube and Chebat, 1997; Duong, 2016;  
3. Sherman and Smith (1987); Garvin, 2009;  
4. Gulas and Schewe, 1994, Duong, 2016;  
5. Chebat, Chebat and Vaillant, 2001; Garvin, 2009;  
6. Morrison, Gan, Dubelaar and Oppewal, 2011;  
| Lighting                    | 5            | 1. The lighting in the store flatters me;  
2. Appropriate colour and luminance of lighting attracts me towards products;  
3. The appropriate lighting in store makes things more visible and attractive to me;  
4. The lighting in the area of products allows me to evaluate the quality of the products;  
5. The different lighting used in each area inside the store is important to the area. | 1. Baumsarck and Park, 2010; Duong, 2016;  
2. Schielke and Leudesdorff, 2014;  
4. Mohan, Sivakumaran and Sharma, 2013; Idris (2010);  
| Colour                      | 3            | 1. Colour affects how I feel in the store;  
2. The appropriate colour in the retail place creates a positive image in my mind;  
3. The colour that corresponds with the brand will create positive image of my mind. | 1. Bellizi and Hite, 1992; Bellizi, Crowley and Hasty, 1993; Hart, 2016; Crowley, 1993; Turley and Milliman, 2000;  
2. Turley and Milliman, 2000;  
| Temperature                 | 2            | 1. The quality of the air conditioning makes my presence in the store more comfortable;  
2. The store without air conditioning discourages me towards shopping. | 1. Huang, Zhang, Hui and Wyer Jr., 2013;  
| Scent                       | 3            | 1. The scent in store encourages me to purchase more;  
2. Fragrance of the retail chain makes me to stay more time;  
3. Scent will be a reason that makes me to revisit the store. | 1. Lunardo, 2011;  
2. Spangenberg, Crowley and Henderson, 1996; Hart, 2016;  
| Layout and design variables | 3            | 1. Display motives me to look at the products more critically;  
2. I enter the luxury store because I like their window display;  
3. I would be more likely to go into the store if the window display satisfies me. | 1. Turley and Chebat, 2002;  
2. Edward and Shackley, 2015;  
Technology

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>3</td>
<td>1. I will be attracted with the store if the store has the advanced technology applied such as virtual reality and augmented reality; 2. Technology can be one of the most important reasons that make me loyal to the brand; 3. The technology will make my shopping more experiencing.</td>
</tr>
</tbody>
</table>

Service

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
<td>3</td>
<td>1. Staff presentation affects my purchase decision; 2. A friendly approach by the staff improves the image of the brand and enhances product experience; 3. A superior service is more important than the products.</td>
</tr>
</tbody>
</table>

Figure 4.13 Statements of components

4.14. Data collection procedures

In order to ensure the efficient data collection, the specific instruments are required. The tools for data collection mainly are questionnaires and SPSS are obtained in advance. In order to get the best feedbacks and results from questionnaire, researcher conducts a live pilot testing to measure the willingness of the participants. The purpose of pilot testing is to ensure that everyone in the sample could not only understand the questions, but also understand the questions in the same way. By live pilot testing, the research is able to find out if the participants are comfortable with the questions and how long the questionnaire will take in real time.

4.14.1. Piloting

In this study, researcher contacts the colleagues from the university PGR office, who are different genders that were born in different years, from different tier cities in China with different level of disposal income. The biggest change for the questionnaire is moving the part 3 - personal attitude about purchasing luxury to the final section, and making the questions no-required answer. By piloting the questionnaire, researcher gathered positive and
significant information from it, which contributed to establish the final completed questionnaire. The original and final versions are shown in the appendix 1 and 2 respectively.

4.15. Data analyses plan

Sekaran and Bougie (2009: 306) suggest that, once the researcher gets the data goes though the questionnaire, it will be analysed. The tool for collecting data is called WJX, it has perfect integration of Wechat group sending, questionnaire password and other powerful functions to help participants and researchers easily complete online surveys, social surveys, satisfaction surveys and other online surveys. Moreover, data collection through WJX (https://www.wjx.cn/) does not require further processing, the results will be exported and analysed by using excel and Statistical software for Social Science (SPSS). WJX can also analyses the data for each question by presenting charts and tables, in order to show a better comparison of findings. After getting the data from WJX, research uses SPSS for the purposes of data analysis.

Descriptive research refers to the research method that transfers raw data information to a form that is able to provide information to illustrate factors (Sekaran and Bougie, 2009:105). To accomplish descriptive study, a sample of large number of subjects is required in order to create an accurate relationship within variables. Researcher first will get the data through questionnaires, and it will be analysed and keyed in (Sekaran and Bougie, 2009:106). In order to produce good quality data, firstly, the researcher will label the numbers to participants’ responses to avoid confusion; secondly, the researcher will categorise and fill up the data in SPSS. For example, in the questionnaire, researcher mark female as “1” and male as “2”. SPSS refers to Statistical Package for the Social Sciences, it is a method that assist the data collected, it usually is used by university researchers, government surveyors, business researchers and health researchers (Sekaran and Bougie, 2019:308).
SPSS features data management that allows the users to create derived data, reshape the file and select cases. In addition, SPSS can document data to store a metadata dictionary for the users. SPSS in software include four statistic methods: descriptive statistics, which is for frequencies, ratios and cross tabulation; bivariate statistics is for analyzing of variance, i.e. ANOVA, refers to correlation and nonparametric tests; numeral outcome prediction is the linear regression; and the last one, prediction for identifying groups, which is for cluster analysis and factor analysis (Arkkelin, 2014).

Data analysis is a crucial step that must be monitored in order to avoid errors in which would have impact on the results. Researcher needs to make sure that the characteristics and data quality have been checked and met the standard analysis. After coding and filling the database of the questionnaire, the data will be transformed from original numbers to values that represent the meaning of the results.

4.16. Chapter summary

This chapter has presented the research framework for this study, and justified the reason why the S-O-R paradigm has been adopted and manipulated for the in-store environment context. As such, the S-O-R model promotes the theory that the in-store environmental cues in a luxury sector, through interposing consumer’s affective and cognitive states that perceptions, so that influences response in form of approach or avoidance behaviours. Therefore, the in-store environment variables in luxury store within Chinese markets will be explored and tested.

The hypotheses will look at the influence of the variables on emotional, cognitive and physiological states (H1), as well as look at the impact of variables on consumer’s behavioural responses (H2). Additionally, this research believes that the in-store environment variables have a direct influence on the consumer’s behavioural responses (H3). The last two
hypotheses focus on explore how the consumer’s age and different tiers of cities they are living will influence on their cognitive and affective states, hence having approach or avoidance behavioural responses (H4 and H5).

Furthermore, the research framework has been conducted with the process of quantitative research as shown on each section. In the next chapter, a broad view of data will be illustrated in order to present the findings.

![Diagram of the process of quantitative research](image)

Figure 4.5: the process of quantitative research (Bryman and Bell, 2011)
Chapter Five: Data Analysis

5.1. Introduction

This dissertation is designed for the purpose of studying the influence of the luxury fashion in-store environment upon consumer behaviour in Chinese market. In recent years, China was rated the third largest market for luxury products worldwide. Statista (2017) reports that the value of China’s personal luxury products was 20 billion euros, ranking the third across the world. The growing number of Chinese luxury fashion consumers is contributed to the rising family disposable incomes domestically. Consumers whose family disposable income that are over £24100 have been the most powerful drivers of the luxury consumption growth and they are considered to be the prime target consumers for luxury brands (Martin Roll, 2017). The report additionally highlights that the Chinese middle-class consisting with family disposable income between £18100 and £24100 have been a rapidly rising consumption segment for luxury products in China.

The purpose of in-store environment is to design the buying environment to stimulate specific emotional effects in consumers to increase the purchase profitability (Kotler, 1973). Store atmosphere consists with tangible and intangible components that affect consumer’s perception, motivation and behaviours. In the literature review, researcher has explained that the stimulus that generates from store atmosphere influence consumers’ emotional states and lead them to evaluate the surroundings then they give behavioural response to the atmosphere, in which triggers approach or avoidance behaviour.

The following sections are the broad view of the data that presents study findings on the attitude of Chinese consumers from four tiers of cities on luxury fashion in-store environment.
5.2. Response rate
During the research, 150 questionnaires from respondents have been received based in tier 1, tier 2, tier 3 and tier 4 cities in China. As mentioned in the previous chapter, researcher reached the respondents through WJX online questionnaire system, the questionnaire will be valid only if the respondent has completed each one of the compulsory questions, which guarantee the data will be collected without significant damaged or uncompleted.

5.3. Distribution by gender
Gender is not the moderator of this research as it has been mentioned in previous chapter. In this questionnaire, gender is an indicator for showing the category of respondents. Generally speaking, products in the market are developed with the aim of different target groups. For instance, the commodities target both male and female, gender can be a key determinant in the market. Although most of the companies that specialise in luxury fashion products target both female and male consumers, there are still some brands only driven by one gender. Companies with different brand images focus on different members of population.

In this study, as it has been shown on figure 5.1 researcher obtained that 107 of respondents (71.3%) are female, leaving 28.7% to represent male respondents (43 male respondents). Although there are a wide variety of luxury products, the main focus on this research focuses on the in-store environment within a luxury fashion sector. Based on RT report (2018), female consumers in China contribute more luxury fashion products consumption. According to the fact that female consumers have more interested in spending on luxury fashion products and the high involvement of female respondents for the questionnaire, the researcher believes that valuable and genuine opinions regarding to luxury in-store environment in Chinese market will be achieved.
5.4. Distribution by age and hierarchy of cities

As mentioned in research framework, age and hierarchy of Chinese cities are the two moderators for the purpose of the study. The target population in this research is those people who were born between 1980 and 2000. Research divides into two groups of target population, 1980 to 1994 (24 years old to 38 years old) as generation Y and 1995 to 2000 (18 years old to 23 years old) as early generation Z, respectively.

Figure 5.1: Distribution by gender

Figure 5.2: Distribution by age

Figure 5.3: Distribution by Hierarchy of cities
From the research findings, 67.3% of respondents have been observed in generation Y. And 32.7% has been obtained in generation Z, as illustrated in figure 5.2. Additionally, most of the respondents are from tier 1 and tier 3 cities, as it has been illustrated in figure 5.3, which share 65.1% of the total respondents. Tier 1 cities have more opportunities for consumers to have luxury fashion in-store experience, while tier 3 cities have been developing quickly and demand on shopping luxury fashion products has been growing.

Figure 5.4 illustrates that in generation Y, respondents who are more interested in the research live in tier 3 cities, which obtained 42.6% of generation Y responses; whereas 41% people that are in younger generation in tier 1 cities share the most percentage.

![Figure 5.4: Relationship between age and hierarchy of cities](image)

### 5.5. Distribution by family disposable income

Deloitte (2017) states that the Millennials nowadays face a situation where the cost for living is might not be matched with real income growth. For younger generation during the first few years of incomes, it is less likely to have a large investment, let alone giving the fact that the number of university-graduated students are getting more every year, the competition of employment has been constantly intense. Therefore, it is unlikely that younger generation will be able to afford luxury fashion products while covering their basic living costs.
Millennials have more fragmented and impulsive set of purchasing behaviours (Deloitte, 2017). However, in this research, researcher considered disposable income as the family’s total disposable income. Additionally, within the millennial segmentation, there are a significant number of wealthy individuals and families that have been distinguished. Because of the high living cost in some high tier of cities, Chinese parents are likely to support their children for the first few working years of after graduation because of the intense competition, which give more opportunities for younger generation to have disposable on luxury fashion products. While generation Y (24 years old to 38 years old) is more likely to have a stable income to cover their living costs and start to establish their own family, additionally their parents are getting to the retiring age, therefore the disposable income will be less spending on the luxury. The distribution by family disposable income has been shown in figure 5.5, and the results of respondents’ family disposable annual income categorised by age has been shown in figure 5.6.

![Distribution by family disposable income](image)

Figure 5.5: Distribution by family disposable income
Figure 5.6: Age groups’ Family disposable income

Figure 5.7 illustrates that respondents living in tier 1 cities have higher percentage of more family disposable income than lower tiers of cities. As the tiers descent, the percentage of family disposable incomes for “over £28801” and “£24101 - £28800” decrease, while the percentage of “under £18100” increases with the tiers descent. These factors show that the possibility of people in high tier cities spending on luxury fashion products is higher than lower tiers of cities. With the large amount of luxury stores opening in tier 1 and tier 2 cities, people will have more opportunities in experiencing in-store environment and offering more...
valuable opinions.

5.6. Frequency of visiting luxury store based on hierarchy of cities

All of the respondents visit luxury stores at least occasionally. The percentage is especially high in tier 3 and tier 4 cities, which contributed to 59.3% and 94.7% out of the population of each tier group (figure 5.8).

Visit frequency was higher in the tier 1 and tier 2 cities. 20.9% of respondents in tiers 1 cities visit luxury store weekly, compared to tier 2 cities, 18.2% of respondents visit luxury stores weekly. 32.6% of respondents in tier 1 cities visit luxury stores monthly. It is worth noting that 45.5% of respondents from tier 2 cities visit luxury stores monthly. Tier 4 cities do not have most of the luxury brands stores opening; therefore, the chance for people to go shopping regularly is rare. Small amount of luxury concession stores open in tier 3 cities, additionally, usually the average family disposable income is lower than tier 1 and tier 2 cities, hence 85.9% of respondents in tier 3 cities visit luxury stores occasionally and annually. Tier 1 and tier 2 cities in China have most types of luxury stores such as flagship

Figure 5.8: Frequency of visiting luxury stores based on hierarchy of cities
stores, department stores, boutiques and concessions. Therefore, people that live in tier 1 and tier 2 cities will have more opportunities to shop luxury whenever they are willing to.

### 5.7. Interest in luxury store environment

Figure 5.9 illustrates respondents’ general interest about luxury in-store environment. In this questionnaire, researcher requested respondents to share their idea of whether they pay attention to the luxury in-store environment, whether they think they have high exception on luxury in-store environment so that satisfying shopping experience can be delivered, and whether if they visit luxury store just for looking around. The purpose of these three statements is to obtain general answers from respondents about whether if they think the in-store environment design is important to a luxury store.

- **I pay more attention to luxury store environment.**
- **I have high expectation that luxury store environment is important to the luxury retailing and shopping experience.**
- **I often go to luxury stores just for visit.**

![Figure 5.9: Interest in luxury in-store environment](image-url)
As it shows in figure 5.9, 84.6% and 76.7% of respondents positively agree they pay attention to luxury store environment and positively think the in-store environment is important to luxury retailing. However, only 48.7% of respondents would enter a luxury store only for visiting. This indicates that those consumers who enter luxury store might be with the purpose of investment rather than visitation.

5.7.1. Preference for shopping area

Figure 5.10 is an holistic representation. Each component of the in-store environment such as music, lighting, colour and the rest will be considered individually. More than half of the respondents agree or strongly agree on the luxury in-store environment can be influential to them based on the data shown on figure 5.10. This means the majority agree with the fact that the in-store environment has impact on their shopping experience in a luxury store. A significant number of populations maintained agree or strongly agree with they pay attention to the in-store environment and the dimensions that included in store atmospherics have influences their mind states while shopping. There is a tendency that the percentage of respondents that chose to agree was more than strongly agree. It is worth noting that 18% of the respondents would not make shopping decision based on the in-store environment, moreover 30.7% of the respondents maintained neutrality regarding to this statement, which implies that they do not have confidence about having an opinion on this statement or they have never taken this issue into consideration. Based on the findings, respondents believe that generally the in-store environment has impact on their shopping experience and purchase decision-making process.
5.8. Specific interior variables

In this section, the responses of each dimensions of in-store environment will be showed in figures.

5.8.1. Music

Hui, Dube and Chebat (1997) state that there is a significant influence of playing music in a luxury store upon consumer behaviour. Music as one of the most important variables, not only can draw customer’s attention from outside the store, but also it can impact consumer’s
perception and mind state while shopping. The appropriate music in store creates positive atmosphere.

![Chart](image.png)

**Figure 5.11: Respondents’ opinions on music**

According to the study results, the majority of the respondents agree or strongly agree with the statements regarding to music has positive influence within a luxury shopping environment. The majority agrees that music can create pleasant shopping environment if it has adequate rhythm and sufficient volume, which is showed in figure 5.11. Moreover, the music can establish an integrated atmosphere with the products and services. However, it is worth noticing that there is a significant percentage of neutrality with respect to music.
motivates consumers to buy more. Additionally, less than half of the respondents agree with this statement.

5.8.2. Lighting

Lighting is an essential dimension for store atmospherics to highlight the products or objects, which can ensure visual performance on a decent level (Schielke and Leudesdorff, 2014). Based on the results, the majority of the participants maintained agrees or strongly agree with the statements. This points out that the lighting in store has a significant effect on consumer emotional and cognitive states. The effective lighting in the shopping area allows consumers to evaluate the products more efficiently, which has a positive influence to the luxury retailing.

Figure 5.12: Respondents’ opinions on lighting
5.8.3. Colour

In literature review, it has been mentioned that colour scheme in the context of retail atmospherics, is applied for gaining customers’ attention (Bellizzi and Hite, 1992). If colour could be applied appropriately, it can lead to impulse purchase, which in turn increases purchase rate (Turley and Milliman, 2000). The results of the study (figure 13) illustrate that the majority of respondents maintain the opinion that the appropriate colour within the shopping environment could create positive images and influences upon consumer’s cognitive perception.

Figure 5.13: Respondents’ opinions on colour

Figure 5.13 shows the intensity of agreeing than strongly agreeing. For the respondents who chose to agree with “the colours affect how I feel in store” took up 60% while the strongly agree took up 34%. 56.7% of respondents agreed with “the appropriate colour in the retail place creates a positive image in my mind” while 27.3% of them chose to strongly agree.
There is 60.7% of respondents chose to agree with the colour that corresponds with the brand will create positive image of my mind” comparing to 28% of respondents chose to strongly agree. Therefore, colour scheme that corresponds with the products will generate a positive effect on brand image.

5.8.4. Temperature

Temperature is considered as an important factor among the dimensions of in-store environment (Baker and Cameron, 1996). In the literature review chapter, researchers argue that the range of comfort exists in shopping environment. The greater temperature distance is beyond the range of comfort, the more possible it will cause negative effect on consumer’s perception during waiting time (Huang, Zhang, Hui and Wyer Jr., 2013). As it has been shown on figure 5.14, the majority of the respondents agrees or strongly agrees a good quality air flow and air conditioning will have positive influence upon their shopping experience. Additionally, tendency of responses regard to temperature is the same as the tendency of colours, which is the proportion of agreeing (55.3% and 46% for two statements) is higher than strongly agreeing (35.3% and 30.7% for two statements). Consumers feel less optimistic about staying in the shopping area if the air conditioning is less satisfying.

5.8.5. Scent

As mentioned in literature review, different scents have various impacts on consumer behaviour (Mitchell, Kahn and Knasko, 1995). As it has been mentioned in 2.5.1, scent is an intangible and subliminal dimension. In this research, researcher made three statements regarding to the scent within the shopping environment. The majority of respondents agree or strongly agree on the positive scent will encourage them to stay more time in store and to make decision on purchasing. As it has been shown in figure 5.15, there is still a intensity of agreeing than strongly agreeing.
The quality of the air conditioning makes my presence in the store more comfortable.
The store without air conditioning discourages me towards shopping.

Figure 5.14: Respondents’ opinions on temperature

The scent in store encourages me to purchase more.
Fragrance of the retail chain makes me to stay more time.
Scent will be a reason that makes me to revisit the store.

Figure 5.15: Respondents’ opinions on scent
Although there is more than half of the respondents agree on that the scent can be one of the reasons to revisit the luxury store, there is still a significant number of respondents maintained neutrality and disagreement for this, which shows that this part of the respondents may have never taken scent as a reason to revisit a store into consideration. Also consumer might not notice the scent if it is pleasant and congruent with the products, and pleasant scent can trigger a positive behaviour that consumers will stay longer in the shopping environment, while unpleasant scent is very likely to trigger an avoidance behaviour. Hence, those respondents who chose neutrality and disagreement might be they have never been aware of the pleasant scented environment and unpleasant scent in the shopping environment might not have been happened to them very often.

5.9. Layout variables

A successful layout depends on whether there is a clear concept of the store, consumer can easily find the products or different departments have been separated clearly (Turley and Chebat, 2002). Baker and Cameron (1996) note that a proper spatial layout could evoke more positive emotion to consumers. Based on the findings, the majority of the respondents believe that the in-store display including window display could influence their impression of the store. Moreover, in figure 5.16, 81.3% of the respondents chose to enter the luxury store because of the interest on window display, which indicates that window display plays a key role in attracting people from outside the store to inside.

5.10. Human variables

In literature review, consumer density and service quality have been included in the context of human variables. Baker and Cameron (1996) demonstrate that service environment can indirectly influence emotion through conducive to social interaction and distraction. While consumer density directly influences consumers’ perceived crowding, which in turn
has an impact on their pleasure, then the approach/avoidance behaviour will be evoked (Lam, 2001). During this study, researcher tried to find out the extent to which the respondents took notice of the service quality and consumer density while they are in the shopping environment. As it has been illustrated in figure 5.17 and figure 5.18, the majority of the responds expressed high level of agreements that the service quality has an influence upon decision-making process, and a high-quality service would be able to create a good brand image to consumers. Although there was more than half of the respondents maintained agreement about a high-quality service is more essential than product itself, there was still a significant number of responds showed neutrality and disagreement about this statement.

![Bar chart showing respondents' opinions on layout]

**Figure 5.16: Respondents’ opinions on layout**
Staff presentation affects my purchase decision.
A friendly approach by the staff improves the image of the brand and enhances product experience.
A superior service is more important than the products.

![Bar chart showing respondents' opinions on human variables]

Figure 5.17: Respondents’ opinions on human variables

![Pie chart showing respondents’ opinion on human density]

Figure 5.18: Respondents’ opinion on human density
5.11. Technology

With the growing technological advances, retailers nowadays are introducing technological applications into the physical stores in order to enhance shopping experience (Pantano and Naccarato, 2010). It has been a trend that fashion brands are using technology to improve their competitive advantage, luxury fashion brands as the leaders of the business, have been leading the trend as well. Figure 5.19 illustrates that 56.6% of respondents show the interests on experiencing on-trend and advanced technology in a luxury store, although there was 36.7% of respondents that represent neutrality, the reason could be that people that living in lower tiers of cities have less chance to experience technology in a luxury fashion store than consumers in tier 1 cities where there normally have flagship stores, therefore they would not take technology as an important role in a luxury store into their consideration. It is worth noting that 71.3% of respondents maintained belief that technology used in a luxury store would make the shopping more experiencing. Additionally, 64.7% of respondents are expecting to have more advanced technology in the luxury store, which demonstrate that there is still market for luxury fashion brands in China to bring more exciting technological experience to consumers.
5.12. Chapter summary

The tendency of the agreement for most of the variables is “agree” compared to “strongly agree”. The data indicates that store environment dimensions are recognised by respondents as having consequences in the context of luxury stores. Figure 5.20 summarised the responses with respect to each stimuli of in-store environment.

This chapter delivers the general tendency of agreement for most of the variables. More details of the analysis will be brought in the next discussion chapter.
<table>
<thead>
<tr>
<th>Multi-item of scale measure (Stimuli)</th>
<th>Sample items</th>
<th>Emotions (Organism)</th>
<th>Data results</th>
</tr>
</thead>
</table>
| Music                              | 1. Music affects how I feel;  
2. I would be more likely to go into the store if the music satisfies me;  
3. Music in store motivates me to buy more;  
4. Listening to music creates an integrated atmosphere with the products and services while shopping;  
5. Pleasant environment created by music makes me spend more time in store;  
6. The adequate rhythm of the background music makes me comfortable;  
7. The sufficient volume of the background music makes me stay more time in store. | • Strongly agree (SA)  
• Agree (A)  
• Neutral (N)  
• Disagree (D)  
• Strongly disagree (SD) | 1. 37.3%(SA); 45.3%(A); 12.7%(N); 4.7%(D);  
2. 26%(SA); 46%(A); 20.7%(N); 7.3%(D);  
3. 21.3%(SA); 28%(A); 35.3%(N); 14%(D); 1.3%(SD);  
4. 28%(SA); 50.7%(A); 18.7%(N); 2.7%(D);  
5. 26%(SA); 47.3%(A); 20.7%(N); 6%(D);  
6. 26%(SA); 43.3%(A); 25.3%(N); 5.3%(D);  
7. 27.3%(SA); 48.7%(A); 20%(N); 4%(D) |
| Lighting                           | 1. The lighting in the store flatters me;  
2. Appropriate colour and luminance of lighting attracts me towards products;  
3. The appropriate lighting in store makes things more visible and attractive to me;  
4. The lighting in the area of products allows me to evaluate the quality of the products;  
5. The different lighting used in each area inside the store is important to the area. | • Strongly agree (SA)  
• Agree (A)  
• Neutral (N)  
• Disagree (D)  
• Strongly disagree (SD) | 1. 29.3%(SA); 55.3%(A); 10.7%(N); 4%(D);  
2. 28.7%(SA); 59.3%(A); 10%(N); 2%(D);  
3. 31.3%(SA); 56.7%(A); 12%(N);  
4. 29.3%(SA); 43.3%(A); 22%(N); 5.3%(D);  
5. 31.3%(SA); 54.7%(A); 13.3%(N); 0.7%(D) |
| Colour                             | 1. Colour affects how I feel in the store;  
2. The appropriate colour in the retail place creates a positive image in my mind;  
3. The colour that corresponds with the brand will create positive image of my mind. | • Strongly agree (SA)  
• Agree (A)  
• Neutral (N)  
• Disagree (D)  
• Strongly disagree (SD) | 1. 34%(SA); 60%(A); 5.3%(N); 0.7%(D);  
2. 27.3%(SA); 56.7%(A); 14.7%(N); 0.7%(D); 0.7%(SD);  
3. 28%(SA); 60.7%(A); 10.7%(N); 0.7%(D) |
| **Temperature** | **1.** The quality of the air conditioning makes my presence in the store more comfortable; | • Strongly agree (SA)  
• Agree (A)  
• Neutral (N)  
• Disagree (D)  
• Strongly disagree (SD) | 1. 35.3%(SA); 55.3% (A); 9.3%(N); 30.7%(SA); 46%(A); 16.7%(N); 6%(D); 0.7% (SD) |
| **Scent** | **1.** The scent in store encourages me to purchase more;  
**2.** Fragrance of the retail chain makes me to stay more time;  
**3.** Scent will be a reason that makes me to revisit the store. | • Strongly agree (SA)  
• Agree (A)  
• Neutral (N)  
• Disagree (D)  
• Strongly disagree (SD) | 1. 28%(SA); 52.7% (A); 14.7%(N); 4.7%(D); 25.3%(SA); 35.3%(A); 30.7%(N); 6.7%(D); 2%(SD); 20.7%(SA); 34% (A); 28.7%(N); 14%(D); 2.7%(SD) |
| **Layout variables** | **1.** Display motives me to look at the products more critically;  
**2.** I enter the luxury store because I like their window display; | • Strongly agree (SA)  
• Agree (A)  
• Neutral (N)  
• Disagree (D)  
• Strongly disagree (SD) | 1. 38%(SA); 49.3% (A); 12%(N); 0.7% (D)  
2. 41.3%(SA); 40%(A); 18.7%(N) |
| **Technology** | **1.** I will be attracted with the store if the store has the advanced technology applied such as virtual reality and augmented reality;  
**2.** Technology can be one of the most important reasons that make me loyal to the brand;  
**3.** The technology will make my shopping more experiencing. | • Strongly agree (SA)  
• Agree (A)  
• Neutral (N)  
• Disagree (D)  
• Strongly disagree (SD) | 1. 27.3%(SA); 29.3% (A); 36.7%(N); 6%(D); 0.7%(SD)  
2. 22.7%(SA); 40.7%(A); 26.7%(N); 10%(D); 30%(SA); 34.7% (A); 32%(N); 3.3%(D) |
| **Service** | **1.** Staff presentation affects my purchase decision;  
**2.** A friendly approach by the staff improves the image of the brand and enhances product experience  
**3.** A superior service is more important than the products. | • Strongly agree (SA)  
• Agree (A)  
• Neutral (N)  
• Disagree (D)  
• Strongly disagree (SD) | 1. 43.3%(SA); 48% (A); 7.3%(N); 1.3% (D)  
2. 44.7%(SA); 43.3%(A); 10%(N); 2%(D); 36% (SA); 23.3%(A); 27.3%(N); 13.3%(D) |

Figure 5.20 the summary of the responses
Chapter Six: Discussion

6.1. Introduction

The relationships between in-store environment and consumer behaviour have been well supported within the literature. This chapter will investigate the respondents’ perception of, and cognitive and affective responses to, the luxury in-store environment, and subsequently their approach or avoidance behaviour. In this chapter the results will be discussed and they will be set in relation to the theories. As such the hypotheses will be either confirmed or disconfirmed.

In the previous chapter, the collected data for stimuli has been illustrated and classified as follows: music, lighting, colour, temperature, scent, layout and design variables, human variables and technology. The quantitative data has been analysed through a process of coding. The previous chapter includes the luxury in-store environment dimensions in order to obtain a better understanding of Chinese consumer behaviour in a luxury fashion in-store environment. This chapter is then followed by a more in-depth analysis of the luxury in-store environment and Chinese consumers’ response to the stimuli within the dimensions.

Figure 6.1 shows the S-O-R framework that used in present study, which also used to structure the analysis of the data collection results to answer research questions. The relationships which occur between luxury store atmospherics and consumer behaviour have been introduced into research framework. Based on literature, consumer’s internal cognitive, emotional and physiological responses are moderated by external factors, for instance, shopping motivations and environment stimuli, which impact on consumer’s level of pleasure. Then the consumer’s internal response will be affected by these dimensions and moderators, as such, the consumer will either have approach or avoidance behaviour.
This research uses the questionnaire survey method for research. This chapter designs a structured questionnaire to obtain relevant information, collect the first-hand real data, and finally explain the collected data.

![Diagram of S-O-R framework](image)

**Figure 6.1: S-O-R framework for present study**

The hypotheses and research questions for the quantitative research have been listed as follow:

**H1.** The in-store environment cues will influence a consumer’s affective and cognitive perception towards the atmosphere. (P. 36)
**H2.** A consumer’s affective and cognitive perception will influence their response to the store atmosphere in terms of approach or avoidance behaviour. *(P. 36)*

**H3.** The in-store environment design will influence the consumer’s approach or avoidance behavioural response. *(P. 36)*

**H4.** A consumer’s age will influence their emotional, cognitive and physiological perception and states towards store environmental cues. *(P. 78)*

**H5.** The hierarchies of Chinese cities where consumers are living will have an influence on their affective, cognitive, emotional and physiological states towards the luxury in-store environment, which will subsequently have impact on approach or avoidance behavioural response. *(P. 78)*

In total 150 participants took part in the quantitative research, 107 female respondents (71.3%) and 43 male respondents (28.7%). The majority (67.3%) of the respondents was between 24 and 38 years old, leaving 32.7% of respondents’ age between 18 to 23 years old.

### 6.2. Data processing method

The reliability analysis, correlation analysis, regression analysis and analysis of variance involved in this thesis all use SPSS 25.0 as the analysis tool. Firstly, all valid raw data is entered into the SPSS software and archived with the corresponding file name.

(1) **Reliability Analysis:** It is an analytical method for measuring whether the comprehensive evaluation system has certain stability and reliability. The reliability coefficient can be used to indicate the level of the reliability.

(2) **Correlate Analysis:** It is used to study whether there is a certain dependence relationship between phenomena, and to discuss the specific dependencies and explore the relevant
directions and related degrees. This is a statistical method for studying the correlation between random variables.

(3) Multiple Regression Analysis: This analysis is based on the optimal combination of multiple independent variables to establish the corresponding regression equation, through which the correlation between the dependent variables is predicted.

6.3. Result analysis

A total of 150 valid samples were received for this survey.

6.3.1. Reliability analysis of the questionnaire

Reliability analysis is to test the consistency, stability and reliability of the questionnaire test results. Generally, the reliability of the test is expressed by internal consistency. The higher the reliability coefficient, the more consistent, stable and reliable the test results are for the questionnaire. This research uses Cronbach's Alpha coefficient to check the consistency of the questionnaire study variables on each measurement item. Before testing the theoretical hypothesis, the reliability of the measurement model should be tested. From the practical point of view, if the test passes, that is, the variable has good reliability when the Cronbach's Alpha coefficient is generally greater than 0.8, which can reflect the questionnaire structure and the preparation of the questionnaire are scientifically scientific and usable.

It can be seen from figure 6.2 that the Cronbach's α coefficient values of each variable are above 0.8 and the reliability level is high. It indicates that the questionnaire has good internal consistency reliability and meets the requirements of the indicators in the reliability analysis.
Correlation analysis is an approach to measure the closeness of the relationship between variables. The relationship here refers to the linear relationship. In general, the absolute value of the sample correlation coefficient is greater than or equal to 0.6 for high correlation; greater than or equal to 0.4 for less than 0.6 for moderate correlation; greater than or equal to 0.2 for less than 0.4 for low correlation; and less than for 0.2 for weak correlation and for irrelevance. In order to understand the extent to which variables affect each other, answers are often obtained by correlation analysis. And the correlation coefficient varies by \([-1, 1]\). If

<table>
<thead>
<tr>
<th>Dimensions of in-store environment</th>
<th>Items</th>
<th>Cronbach’s $\alpha$ coefficient</th>
<th>Sample items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Music</td>
<td>7</td>
<td>0.918</td>
<td>150</td>
</tr>
<tr>
<td>Light</td>
<td>5</td>
<td>0.877</td>
<td>150</td>
</tr>
<tr>
<td>Colour</td>
<td>3</td>
<td>0.807</td>
<td>150</td>
</tr>
<tr>
<td>Temperature</td>
<td>2</td>
<td>0.833</td>
<td>150</td>
</tr>
<tr>
<td>Scent</td>
<td>3</td>
<td>0.815</td>
<td>150</td>
</tr>
<tr>
<td>Layout variables</td>
<td>2</td>
<td>0.853</td>
<td>150</td>
</tr>
<tr>
<td>Service</td>
<td>3</td>
<td>0.851</td>
<td>150</td>
</tr>
<tr>
<td>Technology</td>
<td>4</td>
<td>0.905</td>
<td>150</td>
</tr>
<tr>
<td>Emotional states</td>
<td>6</td>
<td>0.801</td>
<td>150</td>
</tr>
<tr>
<td>Response</td>
<td>4</td>
<td>0.856</td>
<td>150</td>
</tr>
<tr>
<td>Total</td>
<td>14</td>
<td>0.925</td>
<td>150</td>
</tr>
</tbody>
</table>

Figure 6.2: Cronbach’s $\alpha$ coefficient

6.4. Correlation analysis

Correlation analysis is an approach to measure the closeness of the relationship between variables. The relationship here refers to the linear relationship. In general, the absolute value of the sample correlation coefficient is greater than or equal to 0.6 for high correlation; greater than or equal to 0.4 for less than 0.6 for moderate correlation; greater than or equal to 0.2 for less than 0.4 for low correlation; and less than for 0.2 for weak correlation and for irrelevance. In order to understand the extent to which variables affect each other, answers are often obtained by correlation analysis. And the correlation coefficient varies by \([-1, 1]\). If
the absolute value of the correlation coefficient between variables is close to 1, the body has a strong correlation (positive/negative), and vice versa.

There are two kinds of correlations between variables: one is a deterministic relationship, and the other is an uncertain relationship. Correlation is a statistical method of studying the relationship between uncertainties between variables. In order to further explore the relationship between the in-store environment and consumer behaviour, this research will analyse the factors related to the dimensions of in-store environment, and consumer’s emotional states as well as behavioural responses.

It can be illustrated from figure 6.3 that there are strong positive correlations between eight dimensions of environmental factors and emotional state and purchasing behaviour. The correlation coefficient is mostly above 0.6 and the correlation coefficient is significant at level 0.01.

### 6.5. Intermediary test

The intermediary effect means that the influence relationship between variables (X→Y) is not a direct causal chain relationship but is generated by the indirect influence of one or more variables (M). M is called a mediator variable, and X passes M. The indirect effect on Y is called the mediating effect. The mediating effect is a kind of indirect effect. In the case of only one mediator variable in the model, the mediating effect is equal to the indirect effect; when there is more than one mediating variable, the mediating effect is not equal to the indirect effect, and the indirect effect can be part of it. Taking the simplest three variables as an example, the mediation relationship can be expressed as a regression equation as follows:

\[ Y = cx + e_1 \] (1)
M = ax + e2 (2)

Y = cx + bM + e3 (3)

<table>
<thead>
<tr>
<th></th>
<th>Music</th>
<th>Light</th>
<th>Temper</th>
<th>Scent</th>
<th>Layout variable</th>
<th>Service</th>
<th>Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Response</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>0.736**</td>
<td>0.596**</td>
<td>0.580**</td>
<td>0.661*</td>
<td>0.659</td>
<td>0.691**</td>
<td>0.640*</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td><strong>Emotional States</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>0.774**</td>
<td>0.648**</td>
<td>0.629**</td>
<td>0.708*</td>
<td>0.681</td>
<td>0.715**</td>
<td>0.677*</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed)

Figure 6.3: correlation analysis for in-store dimensions, emotional states and purchasing behaviour
Where $X$ is the independent variable, $Y$ is the dependent variable, and $M$ is the mediator variable to be tested.

By sequentially testing the regression coefficients in the three equations to determine whether there is a mediating effect and what type of mediation exists, the procedure is as follows:

(1) First test equation 1) $y = cx + e_1$, if $c$ is significant ($H_0: c = 0$ is rejected), continue to test equation 2), if $c$ is not significant (indicating that $X$ has no effect on $Y$), then stop the mediating effect inspection;

(2) After the $c$-saliency test is passed, continue to test equation 2) $M = ax + e_2$, if $a$ is significant ($H_0: a = 0$ is rejected), continue to test equation 3); if $a$ is not significant, stop the test;

(3) After both equations 1) and 2) pass the significance test, test equation 3) $y = c'x + bM + e_3$, and test the significance of $b$, if $b$ is significant ($H_0: b=0$ is rejected), indicating that the mediation effect is significant. At this time, $c'$ is checked. If $c'$ is significant, it means that it is not completely mediating effect; if it is not significant, it means that it

Figure 6.4: Regression coefficient program
is a complete mediating effect, and the effect of x on y is completely accomplished by M.

(4) The mediation test results are as follows (figure 6.5):

(5) The results from figure 8 illustrate that emotional state plays a full mediating role in the image of environmental factors on purchasing behaviour. **H1 and H2 are verified.**

<table>
<thead>
<tr>
<th>Test equation</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y = stimuli</td>
<td>(Contant)</td>
<td>-1.538</td>
<td>0.300</td>
<td>-5.132</td>
</tr>
<tr>
<td>Environment dimensions</td>
<td>1.279</td>
<td>0.074</td>
<td>0.818</td>
<td>17.281</td>
</tr>
<tr>
<td>M = X + e₂</td>
<td>(Contant)</td>
<td>-0.435</td>
<td>0.213</td>
<td>-2.046</td>
</tr>
<tr>
<td>Environment dimensions</td>
<td>1.077</td>
<td>0.052</td>
<td>0.860</td>
<td>20.522</td>
</tr>
<tr>
<td>Y = Response</td>
<td>(Contant)</td>
<td>-0.987</td>
<td>0.133</td>
<td>-7.407</td>
</tr>
<tr>
<td>Environment dimensions</td>
<td>-0.087</td>
<td>0.064</td>
<td>-0.056</td>
<td>-1.372</td>
</tr>
<tr>
<td>Y = X + bM + e₃</td>
<td>(Contant)</td>
<td>1.269</td>
<td>0.051</td>
<td>1.015</td>
</tr>
</tbody>
</table>

**Figure 6.5: Mediation test result**
6.6. Regression analysis of the Influence of environmental dimensions on purchase behaviour

The purpose of regression analysis is to study the statistical relationship between an interpreted variable (dependent variable) and one or more explanatory variables (independent variables). When the correlation between variables is confirmed, a linear regression equation can be constructed to quantitatively study the relationship. Since the correlation cannot explain the specific causal relationship of each factor, the regression analysis can further indicate the degree of influence of each other's relationship and verify whether there is a causal relationship between the factors. Taking the eight dimensions of the environmental factor as the independent variables and the purchase behaviour dependent variable to construct the regression model, the results are as follows (figure 6.6 and 6.7):

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.83</td>
<td>0.699</td>
<td>0.682</td>
<td>0.49545</td>
</tr>
</tbody>
</table>

| a. Predictors: (Constant), Technology, Colour, Temperature, Service, Scent, Light, Layout variables, Music |

Figure 6.6: model summary for 8 in-store dimensions
In figure 6.8 the regression analysis showed that the model fit $R^2=0.699$, indicating that the constructed regression equation can explain 69.6% of the dependent variation; the regression test F test results show that the significance probability is 0.000, less than 0.05, that is, the constructed regression equation is statistically significant; music, temperature, scent, layout variables, service, and technology in the environmental factors have a significant positive impact on purchase behaviour; light and colour have no effect on purchase behaviour. The regression equation obtained is:

$$Y \text{ (purchasing behaviour) } = 0.353 \times \text{ Music} + 0.205 \times \text{ Temperature} + 0.148 \times \text{ Scent} + 0.214 \times \text{ Layout variables} + 0.111 \times \text{ Service} + 0.235 \times \text{ Technology} - 1.199$$

Figure 6.7: Variance test table for regression models (8 dimensions)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>80.566</td>
<td>8</td>
<td>10.071</td>
<td>41.026</td>
</tr>
<tr>
<td>Residual</td>
<td>34.611</td>
<td>141</td>
<td>0.245</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>115.177</td>
<td>149</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: response  
b. Predictors: (Constant), Technology, Colour, Temperature, Service, Scent, Light, Layout variables, Music
<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>Std. Error</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>-1.199</td>
<td>0.335</td>
<td></td>
<td>-3.584</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Music</td>
<td>0.353</td>
<td>0.099</td>
<td>0.281</td>
<td>3.565</td>
</tr>
<tr>
<td></td>
<td>Light</td>
<td>-0.114</td>
<td>0.115</td>
<td>-0.077</td>
<td>-0.998</td>
</tr>
<tr>
<td></td>
<td>Colour</td>
<td>0.052</td>
<td>0.113</td>
<td>0.032</td>
<td>0.456</td>
</tr>
<tr>
<td></td>
<td>Temperature</td>
<td>0.205</td>
<td>0.079</td>
<td>0.169</td>
<td>2.596</td>
</tr>
<tr>
<td></td>
<td>Scent</td>
<td>0.148</td>
<td>0.074</td>
<td>0.134</td>
<td>1.998</td>
</tr>
<tr>
<td></td>
<td>Layout variables</td>
<td>0.214</td>
<td>0.093</td>
<td>0.175</td>
<td>2.303</td>
</tr>
<tr>
<td></td>
<td>Service</td>
<td>0.111</td>
<td>0.085</td>
<td>0.090</td>
<td>2.308</td>
</tr>
<tr>
<td></td>
<td>Technology</td>
<td>0.235</td>
<td>0.079</td>
<td>0.206</td>
<td>2.965</td>
</tr>
</tbody>
</table>

a. Dependent Variable: response

Figure 6.8: Regression coefficient and significance test
In the case of music, the regression coefficient is 0.353, which indicates that if the popularity of the luxury store is increased by one unit, the purchase intention of the consumer who goes to the point of purchase will increase by 0.353 units. Therefore, **H3 is supported.**

Since light and colour have no effect on purchase behaviour in the independent variables, the model is simplified, and regression models are constructed with music, temperature, scent, layout variables, service, and technology as the independent variables. The results are as follows (figure 6.9, 6.10 and 6.11):

<table>
<thead>
<tr>
<th>Model Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

<sup>a</sup> Predictors: (Constant), Technology, Temperature, Service, Scent, Music, Layout variables

**Figure 6.9: Model summary for 6 in-store dimensions**

<table>
<thead>
<tr>
<th>ANOVA&lt;sup&gt;a&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

<sup>a</sup> Dependent Variable: Response

<sup>b</sup> Predictors: (Constant), Technology, Temperature, Service, Scent, Music, Layout variables

**Figure 6.10: Variance test table for regression models (6 dimensions)**
After the model is moderated, the adjusted $R^2 = 0.685$ is improved compared with the original model; the F value has also been also increased, and the correction of the model is valuable, which supports H3 strongly.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficient</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>-1.258</td>
<td>0.278</td>
<td>-4.525</td>
<td>0.000</td>
</tr>
<tr>
<td>Music</td>
<td>0.326</td>
<td>0.092</td>
<td>0.259</td>
<td>3.548</td>
</tr>
<tr>
<td>Temperature</td>
<td>0.205</td>
<td>0.078</td>
<td>0.169</td>
<td>2.618</td>
</tr>
<tr>
<td>Scent</td>
<td>0.146</td>
<td>0.074</td>
<td>0.133</td>
<td>1.985</td>
</tr>
<tr>
<td>Layout variables</td>
<td>0.203</td>
<td>0.090</td>
<td>0.166</td>
<td>2.261</td>
</tr>
<tr>
<td>Service</td>
<td>0.118</td>
<td>0.084</td>
<td>0.096</td>
<td>2.252</td>
</tr>
<tr>
<td>Technology</td>
<td>0.219</td>
<td>0.077</td>
<td>0.191</td>
<td>2.840</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Response
6.7. The impact of age on purchase behaviour and emotional state

From figure 6.12 and 6.13, they illustrate that the independent sample t-test was used to compare the differences in purchasing behaviour and emotional state among consumers of different ages. The results showed that young consumers scored more than the older consumers, i.e. younger consumers, in terms of purchasing behaviour and emotional state, consumer behaviour is more susceptible to environmental factors. **H4 has been verified.**

<table>
<thead>
<tr>
<th>Group Statistics</th>
<th>age</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response</td>
<td>1980-1994</td>
<td>101</td>
<td>3.4629</td>
<td>0.82869</td>
<td>0.08246</td>
</tr>
<tr>
<td></td>
<td>1995-2000</td>
<td>49</td>
<td>3.8571</td>
<td>0.92843</td>
<td>0.13263</td>
</tr>
<tr>
<td>Emotional states</td>
<td>1980-1994</td>
<td>101</td>
<td>3.7605</td>
<td>0.63542</td>
<td>0.06323</td>
</tr>
<tr>
<td></td>
<td>1995-2000</td>
<td>49</td>
<td>4.1418</td>
<td>0.77226</td>
<td>0.11032</td>
</tr>
</tbody>
</table>

Figure 6.12: The influence of age upon emotional state
<table>
<thead>
<tr>
<th>Levene's Test for Equality of Variances</th>
<th>t-test for Equality of Means</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>95% Confidence Interval of the Difference</td>
</tr>
<tr>
<td></td>
<td>Low</td>
</tr>
<tr>
<td>F</td>
<td>Sig.</td>
</tr>
<tr>
<td>---</td>
<td>------</td>
</tr>
<tr>
<td>Response</td>
<td></td>
</tr>
<tr>
<td>Equal variances assumed</td>
<td>1.04</td>
</tr>
<tr>
<td>Equal variances not assumed</td>
<td>-</td>
</tr>
<tr>
<td>Emotional States</td>
<td></td>
</tr>
<tr>
<td>Equal variances assumed</td>
<td>7.19</td>
</tr>
<tr>
<td>Equal variances not assumed</td>
<td>-</td>
</tr>
</tbody>
</table>

Figure 6.13: T test results based on age group
### Descriptives

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error</th>
<th>95% Confidence Interval for Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Lower Bound</td>
</tr>
<tr>
<td>Response</td>
<td>1</td>
<td>4</td>
<td>3.494</td>
<td>0.93936</td>
<td>0.14</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3</td>
<td>3</td>
<td>0.90499</td>
<td>0.15</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5</td>
<td>3.546</td>
<td>0.79514</td>
<td>0.10</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>0.90499</td>
<td>0.15</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>1</td>
<td>3.460</td>
<td>0.89078</td>
<td>0.20</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9</td>
<td>5</td>
<td>0.75257</td>
<td>0.11</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>1</td>
<td>3.583</td>
<td>0.87698</td>
<td>0.07</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>1</td>
<td>3.814</td>
<td>0.75257</td>
<td>0.11</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9</td>
<td>0</td>
<td>0.75257</td>
<td>0.11</td>
</tr>
<tr>
<td>Emotional State</td>
<td>1</td>
<td>4</td>
<td>3.814</td>
<td>0.75257</td>
<td>0.11</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3</td>
<td>0</td>
<td>0.75257</td>
<td>0.11</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>3</td>
<td>4.120</td>
<td>0.76536</td>
<td>0.13</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>1</td>
<td>3.820</td>
<td>0.61356</td>
<td>0.08</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>9</td>
<td>1</td>
<td>0.66257</td>
<td>0.15</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>1</td>
<td>3.878</td>
<td>0.70184</td>
<td>0.05</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>7</td>
<td>0</td>
<td>0.70184</td>
<td>0.05</td>
</tr>
</tbody>
</table>

Figure 6.14: ANOVA results for the influence of hierarchy of cities
6.8. The impact of hierarchy of cities on purchase behaviour and emotional state

In figure 6.14, the one-way ANOVA method was used to compare the differences in purchasing behaviour and emotional state among consumers of different tiers of cities. The results showed that the P values were all greater than 0.05, which indicate, there was no significant difference in purchasing behaviour and emotional state among consumers of different city types. **Therefore, H5 has not been verified.**

6.9. Chapter summary

This chapter provided a more detailed view of data analysis and discussion. On the basis of the results, figure 6.15 illustrated a summary of hypotheses. The results show that generation Z is more influenced by store environmental stimuli than generation Y. However, the hierarchy of city is not a moderator to make behavioural responses to store atmosphere. It is worth noting that light and colour have no effect on Chinese consumers to make purchasing behaviour based on results. However, the other six dimensions showed strong influence on their affective, cognitive and behavioural responses.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: The in-store environment cues will influence a consumer’s affective and cognitive perception towards the atmosphere.</td>
<td>Supported</td>
</tr>
<tr>
<td>H2: A consumer’s affective and cognitive perception will influence their response to the store atmosphere in terms of approach or avoidance behaviour.</td>
<td>Supported</td>
</tr>
<tr>
<td>H3: The in-store environment design will influence the consumer’s approach or avoidance behavioural response.</td>
<td>Supported</td>
</tr>
<tr>
<td>H4: A consumer’s age will influence their emotional, cognitive and physiological perception and states towards store environmental cues.</td>
<td>Supported</td>
</tr>
<tr>
<td>H5: The hierarchies of Chinese cities where consumers are living will have an influence on their affective, cognitive, emotional and physiological states towards the luxury in-store environment, which will subsequently have impact on approach or avoidance behavioural response.</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

Figure 6.15: Results of hypotheses
Chapter Seven: Conclusion

7.1. Introduction

The key purpose of this study was to see how Chinese consumers responded to luxury in-store environment. To be more specific, this research emphasised on the hierarchy of cities and focused on millennial consumers’ behavioural responses. To date, there is a lack of research combining different age of consumers living in different tiers of cities in China and the luxury store atmospherics to study their emotion, experience and behaviour within a shopping environment. Therefore, this study provides a greater understanding of the relationship between the luxury store atmospherics and shopping behaviour of different age groups and hierarchy of cities.

Secondary and primary data have been reviewed, collected, analysed and discussed in this study in order to fulfil the research aim and objectives. Quantitative method has been applied, and it offered a rich set of data, which was presented, analysed and discussed in Chapter 7 and 8. This chapter will conclude the work that has completed in this research, with the details of how it contributes to both academia and retail practice. Additionally, this chapter will address limitations of current study and directions for future research.

7.2. Research aim and objectives

The aim of the research is to establish a critical understanding of the relationship between the specific nature of luxury store environments and the perception, motivation and behaviour of Chinese consumers. This research has identified the stimuli used in the design of luxury store environment, and the influence of these stimuli upon visual, emotional, physiological, cognitive and consequent behavioural responses of Chinese consumers who are between 18 to 38 years old in different tiers of cities.
The research objectives stated in introductory chapter for this research have been met and the research outcomes have been completed. A summary of the research objectives and outcomes are as followed:

1) **Critically analyse the components and roles of in-store environment.**

A review of the literature concerning the components of store atmospherics provided a detailed understanding of the context of this study. Chapter 2 analysed secondary literatures regards to the nature of in-store environment, the role of store atmospheric for brands and for shaping consumer behaviour. Furthermore, the literature introduced the stimuli - organism - response (S-O-R) model, in order to have a better understanding of each component of in-store environment as stimulus.

2) **Interrogate the elements of in-store environment within the context of luxury.**

A review of literature regarding the key dimensions of store atmosphere in a luxury sector was analysed in chapter 2. Researchers (Levy & Weitz, 2001; Das, 2014; and Jiang et, al., 2014) believe luxury retail atmosphere is able to establish significant emotional impacts on purchasing behaviour. Consumers can have different responses for in-store environment in cross-cultural countries, which is the reason why luxury brands are focusing on establishing distinguished shopping atmosphere in order to have consistency with brand image and correspond with country’s image and consumers’ expectation. Flagship store plays an essential role in presenting brand image. Flagship store not only provides the full range of products of the brand, but also deliver superior sensory effects and actual experiences for customers.

3) **Investigate the effects of store atmospherics on consumer behaviour and retail shoppability.**
Chapter 3 first provided a review of literature of the concept of consumer behaviour. Then, within the nature of S-O-R model, it can be seen that the level of pleasure experienced in the shopping environment is positively influenced by the store atmospheric components. A mass of literature proves that environmental factors can influence the sensory state and emotional response of customers. Three in-store categories were brought up in this chapter as a guide for researcher to create questionnaire to collect data, which are ambient cues, including music, lighting, scent, colour, etc.; design cues, including layout and styles; and third category is social cues which refers to people that involved in shopping environment. Researcher in chapter 3 additionally applied pleasure - arousal - dominance (PAD) model to further explain how the in-store environment could influence consumer’s affective and cognitive states, which will cause an approach or avoidance behaviour.

4) **Analyse the general shopping behaviour of Chinese consumers towards luxury consumption.**

A review of the literature concerning Chinese consumers’ general shopping behaviour with respect to luxury consumption provided a detailed understanding of the way that Chinese consumers making luxury purchase decisions. Luxury consumption is embedded in various cultural contexts. Yang (1981) contends that Chinese are concerned with their images among in-group members and they often look for the inclusion of a certain social group through owning luxury products.

5) **Evaluate the components that influence luxury in-store environment on purchase decision-making process in Chinese market.**

A collection of quantitative data provided a detailed understanding about the influence of each store atmospheric component upon consumers’ behaviour within age between 18 to 38. Consumer’s affective and cognitive perception and behavioural responses and the in-store
environment stimuli are discussed in chapter 6: discussion, primarily through regression analysis. Chinese consumers’ level of expectation on luxury in-store environment was higher than general store atmospherics. Furthermore, based on the data collection and results discussion in present study, they suggested that luxury in-store environmental stimuli had effects on Chinese consumers’ affective, cognitive and behavioural responses. Although light and colour were the two elements that had no effects on consumers’ behavioural responses, all of the other dimensions had strong effect on consumer’s emotional state and affective, cognitive and behavioural behaviour.

6) **Identify differences between ages concerning consumer’s cognitive and affective responses to the luxury in-store environment in Chinese market.**

The sample was consisted 150 participants ranging from 18 to 38, dividing into two groups: 18 to 23 as generation Z and 24 to 38 as generation Y, which enabled researcher to easily compare and contrast the behavioural responses within store atmospherics across different age. The results from chapter 8 showed that age does have influences upon consumers’ affective, cognitive and behavioural responses with the stimuli of store atmosphere.

7) **Evaluate the benefits of establishing a hierarchy of luxury in-store environment formats in different city levels in China and the influence on the perception and behaviour of Chinese consumers.**

This research objective has been met through the analysis of primary data. Figure 7.1 shows the framework and a summary of S-O-R model for this research, hierarchy of Chinese cities is one of the moderators. Although in chapter 8: discussion the results showed that hierarchy of cities has not effect on Chinese consumer’s behavioural responses, it still has practical and academic significance to be referred.
7.3. Key findings

1) To establish a critical understanding of the relationship between the specific nature of luxury store environments and the perception, motivation and behaviour of Chinese consumers.

The origin of the research is to bring a detailed understanding of a literature review with respect to the influence of in-store environment upon consumer behaviour. Then the research set general concept to Chinese luxury market. As the results showed in chapter 5: results,
higher level of expectation for luxury stores was more than general stores, and consumers believed the in-store environment was important to luxury retailing.

2) **A consumer’s age will influence their emotional, cognitive and physiological perception and states towards store environmental cues.**

Figure 6.12 and 6.13 illustrated that younger consumers (18 to 23 in this research), in terms of affective and cognitive states, and purchasing behaviour, would be more susceptible to the environmental stimuli.

3) **The hierarchy of Chinese cities has no effect on their cognitive, affective and behavioural responses in terms of in-store environment.**

Based on the results from **chapter 6: discussion**, there was no significant different in consumer’s affective, cognitive and behavioural responses among the city tiers. However, the results did not mean that there was no significance for future research, more detailed future research suggestions based on this point will be discussed.

**7.4. Impact on theory and practice**

The findings in this research contribute to knowledge both academia and retail industry. It is important to academia as it provides a detailed understanding of those components of in-store environment that influence consumer’s behavioural response in specifically Chinese market. There is still a blank area for researchers to investigate, evaluate and analyse the in-store environment in Chinese market. This research also provides recommendations for luxury fashion retailers in China or whom plan to enter Chinese market, highlighting which components are the most important and influential to Chinese consumers. The detailed contributions of academia and industry will be discussed.
7.4.1. Academic contribution

This research contributes to academia in different ways.

Firstly, the fundamental contribution of this research is located in China. There is a mass of research generated in western countries that proved environmental stimuli cues have impact on consumer’s affective and cognitive perception, which lead them to make behavioural responses. In this research, the theories had been relocated to Asian market, to be more specific, to Chinese market, where it is the third largest luxury consumption market and one of the key markets in the world.

Secondly, this research contributed to S-O-R model theoretically by showing age does have an impact on relationship among stimuli, organism and responses within luxury shopping environment.

Thirdly, the research shows that by applying quantitative research method with the moderations of age and hierarchy of cities, it is possible to interpret the relationship between age, hierarchy of cities and behavioural responses with respect to store atmospheric stimuli.

7.4.2. Practical contribution

When luxury retailers are considering the in-store environment, they need to understand how the atmospheric stimuli affect consumers’ shopping experience. This research provides the most influential in-store environment variables to Chinese millennial consumers’ behavioural response. The sample consisted participants ranging from 18 to 38 locating in different tiers of Chinese cities, and was separated into 18 to 23 years old as generation Z and 24 to 38 years old (generation Y), enabling the researcher to easily compare and contrast he differences and similarities in affective and cognitive responses of consumers to luxury in-store environment.
The reviews of literature identified store environment ambient factors (such as music, lighting, scent and temperature, etc.), design factors (layout and display) and social factors (service, employees, customer crowd and so on) as being important to consumers’ affective, cognitive and behavioural responses. However, based on the results analysed in this study, light and colour have no effect on Chinese consumers ranging from 18 to 38 years old behavioural responses. Based on these results, Chinese retailers in Chinese market can use ambient factors, design factors and social factors as guides for designing the in-store environment. Additionally, regarding to the results of the study in chapter 6, the hierarchy of cities has no effect on consumers’ behavioural responses with respect to in-store environment stimuli. Therefore, luxury retailers should generate more detailed market research depends on different cities development and the demands of consumers. However, they need to understand that light and colour are the least influential factors that could have impact on Chinese millennials shopping behaviours. In this case, it is important for luxury retailers to prioritise the rest of components when design the store atmosphere. luxury retailers must ensure they design the in-store environment with a very high standard, and enhance their store atmospheric stimuli to make them more attractive and interesting in order to capture consumers’ positive attention.

7.5. Research limitations

As in every research project, there are some limitations that need to be addressed in this study. Firstly, there was a limited sample size in each age group (18 to 23 years old and 24 to 38 years old), the total participants were 150, and 101 of the respondents were from 24 to 38, and 49 were from 18 to 23, which caused uneven across the age groups. Additionally, the questionnaire cannot cover entire Chinese population with age between 18 and 38 dues to practical reasons. Secondly, the number of respondents from each tier of city was not even,
which is another constraint of the research. Thirdly, this research did not take gender into consideration as a moderator, hence further studies need to be conducted regarding to gender.

7.5.1. Future research suggestions

This study has identified the luxury in-store environment stimuli that are having influences and not having impact on Chinese generation Y and Z consumers in different tiers of cities. Further studies could also investigate the areas as follow:

1) Gender comparison

Further research could add gender as a moderator to investigate the influence of in-store environment. Generally speaking, products in the market are developed with the aim of different target groups. Euclid (2017) states that 65 percent of female in the U.S. would try on cloths in store before they make purchase decision and 55 percent of male feel the same. Borges, Babin and Spielmann (2013) discuss that female-oriented consumers pay 32 percent more on the same product when it is in a hedonic shopping environment. This shows that there might be a difference between two genders with respect to in-store environment. Male and female might have different behavioural responses to luxury in-store environment in Chinese market.

2) Wider age range

This research could be expanded further include baby boomer (1946 – 1964) and generation X (1965 – 1976) to see if there is are further differences among wide age range. Further study could easily replicate this study on different age groups and compare the results. This would enhance the understanding across all ages of consumers.

3) Country brand origin
Further research could add the investigation of domestic luxury brands. When it comes to compare and contrast the similarities and differences with western luxury brands in Chinese market, it is worth seeing whether if consumers would see them differently, and have different expectations for domestic and western luxury brands’ store atmospheres. Therefore, it could be worth investigating how consumers make their behavioural responses depending on the environmental stimuli in a domestic luxury brand store and a western luxury brand store.

4) Brand store levels

Further research could also consider if different expectations exist among consumers in Chinese market in a luxury sector. Flagship stores could be tracked back to 1960s, which was considered as “concept store” and it was for innovative design purpose (Mores, 2007). Flagship stores are expected to have the whole range of products with a “lifestyle” concept to deliver a brand image and to tell a brand story. Whereas consumers might have different expectations upon the boutique, department and concession stores.

5) Research methodology

Further research could use qualitative method to evaluate and investigate how people interpret each dimension of environmental stimuli. In other word, more details of responses towards stimuli could be collected by using qualitative method. For instance, by using qualitative method in the case of music, researchers would be able to have a better understanding of what kind of rhythm and volume of music would have an impact on an individual to make positive behavioural response.

Furthermore, it is worth considering to use qualitative research method and applying gender and language as moderators to see how women and men would differently describe the
emotional and physiological states within a luxury store atmosphere, and what behavioural responses would they make.
Chapter Eight: Implication of the findings

According to the discussion and conclusion review, this study proposed suggestions to the luxury retailers as references to make marketing strategies in terms of store atmosphere in China’s market specifically. The aim of the research is to establish a critical understanding of the relationship between the specific nature of luxury store environments and the perception, motivation and behaviour of Chinese consumers.

There has been a large amount of literature shows that the in-store environmental cues affect customer’s affective and cognitive perception hence affect their choice – making process on approach or avoidance behaviour, for example, the S – O – R model, figure 2.1 and Bitner’s servicescape model (1992) (figure 2.2). Bitner’s servicescape model (1992) is an expansion based on S – O – R model in order to add cognitive responses on the interaction with retail environmental cues. Mehrabian and Russell based on the S – O – R model created PAD model (1974) (figure 3.1) in order to further demonstrate the emotional response can cause a variety of customer’s behaviours. Mehrabian and Russell (1978), Bitner (1992) and Turley and Milliman (2000) all illustrate that environmental cues as stimuli can influence the affective and cognitive perception on consumers, and they will subsequently give one or another direct response to the atmosphere, approach or avoidance.

This research proves that the luxury retail in-store environmental cues influence Chinese consumer’s affective and cognitive perception, and subsequently affect their approach or avoidance behavioural response. The evaluation results provided for each dimension of the store atmosphere, which revealed that customers who are under the shopping environment “care” about the store environment, rather than ignore or be insensible. The important implication of this study for the luxury retailers is that they need to pay attention to the store atmosphere in China’s market. Nowadays the retail environment is changing rapidly, a
constant monitor on store atmosphere is needed in order to adapt it to the consumers. Retailers have to be concerned about the store atmosphere to not only deliver a positive image, but also meet consumer’s expectations and create a pleasant shopping environment.

In this study, the introductory chapter provided the evidences of millennials’ potential ability of spending on luxury products, and the study results presented that both age groups can be influenced by in-store environment, more importantly, the younger generation can be more affected than older age group. The research advises to enhance clarity of information rate store layout in order to create more pleasant and enjoyable visual perception, hence to generate positive emotional states of consumers. Furthermore, consumer service is a key to engage employees and shoppers in order to show a positive brand image and enhance consumer experiences. 6.6 presented the influence of eight factors, including music, light, scent, colour, temperature, layout, technology and service, upon consumer behaviour. The result shows that music, temperature, scent, layout variables, service, and technology in the environmental factors have a significant positive impact on purchase behaviour; however, colour and have no effect on purchase behaviour. The result indicates that luxury retailers in China’s market shall pay prior attention to the six environmental dimensions when it comes to store atmosphere designing. It does not mean colour and light are unimpressive for consumers. As chapter 2 presents, colour and light do not influence consumers in a very obvious way. Lighting highlights the products and the whole environment, which is vital; whereas colour could impact people from outside and inside potentially with cool colour background or warm colour background. Consumers may not pay attention to these two factors; however, they do play key role in environmental atmosphere. Luxury retailers shall use light and colour appropriately in the store atmospheric design, especially on an important festival period, such as Chinese New Year (i.e. Chinese Spring Festival). The stores with Chinese red colour theme will adapt with the national festival atmosphere.
The result of analysis on hypothesis 5, the hierarchies of Chinese cities where consumers are living will have an influence on their affective, cognitive, emotional and physiological states towards the luxury in-store environment, which will subsequently have impact on approach or avoidance behavioural response, has been rejected, which indicates that there is no strong proof to show the relationship between hierarchy of Chinese cities with luxury in-store environment and the consumer behaviour under the shopping environment. Therefore, retailers need to keep consistent of retail atmosphere within all the store formats to present an integrated brand image and communication among customers in different tiers of cities. For example, music is one of the most important factors among all the dimensions, therefore, brand needs to give the same requirements across all the store formats from flagships to concessions. Additionally, although technology is not an influential factor to keep consumers loyal, however it does have ability to attract customers from outside of the store, and the brand will have a chance to let customers know more about the brand. Creating an integrated and uniform store atmosphere and utilising the dimensions at the same level and quality in all tiers of cities across all store formats will deliver the same image of shopping experience to customers in different tiers of cities.


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Appendices

Appendix 1: Final version of questionnaire

Demographic

Q1. Gender:

Female

Male

Q2. What is your age?

1980 – 1994

1995 - 2000

Q3. Which tier of city are you living in? (Please see the list x below)

Tier 1

Tier 2

Tier 3

Tier 4

Please write your city here if the city you are living in is not on the list:
Figure 2.6 Chinese cities classification (Source: South China Morning Post, 2017; Wong, Lin, and Lee, 2017).

Q4. Annual disposable income (i.e., combined family income):

Under £18,100

£18,100 – 21,600

£21,601 – 24,100

£24,101 – 28,800

Over £28,801
Part 1

In this section, we will be looking at a few things about your lifestyle choices, your general knowledge, your preferences in life, and your opinions about luxury retailing.

Q5. How often do you visit luxury fashion store?

Daily
Weekly
Monthly
Yearly
Occasionally

Q6. I normally shop for luxury (tick one)

Flagships
Department stores
Boutiques
Concession stores
Online

Q7. How knowledgeable/familiar are you about luxury fashion or luxury branding?

1    2    3    4    5
Not knowledgeable       Knowledgeable
Q8. Is luxury store environment more important than other forms of retailing store environment?

Yes

No

Q9. To what extend would you agree with the following statements?

- I pay more attention on luxury store environment.

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- I have high expectation that luxury store environment is important to the luxury retailing and shopping experience.

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- I often go to luxury stores just for visit.

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Part 2

In this section, we will be looking at the environment of our preferences for the shopping area.

Q10. To what extend would you agree with the following statements?

• I pay attention to luxury store environment.

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• Factors like music, colours, lighting in a store make a difference to me in deciding which store I shop at.

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• I find myself making shopping decisions based on how the store looks.

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• Store décor influences my decision about where I shop.

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• I would be more interested in the store if the design is related to festival.

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• I will feel more comfortable when there is less people in the shopping area (including other customers and staff).

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Q11. Which features do you think are mostly affecting to purchase of the products? (Please rank in order of importance)

Brand

Design

Quality

Price
Technology applied in store

Service

In-store design

Packaging

Q12. Does the design of in-store environment inspire you in purchasing?

Yes

No

Q13. Do you evaluate products according to the in-store design?

Yes

No

Now we will be focusing on the details of each part of the store designs that cause stimuli.

First, we are looking at the general interior variables.

Q14. Music

To what extent would you agree with the following statements?

• Music affects how I feel.

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• I would be more likely to go into the store if the music satisfies me.

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• Music in store motivates me to buy more.

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• Listening to music creates an integrated atmosphere with the products and services while shopping.

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• Pleasant environment created by music makes me spend more time in store.

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• The adequate rhythm of the background music makes me comfortable.
• The sufficient volume of the background music makes me stay more time.

Q15. Lighting

To what extend would you agree with the following statements?

• The lighting in the shop flatters me.

• Appropriate colour of lighting attracts me towards products.

• The appropriate brightness in store makes things more visible and attractive to me.
• The lighting in the area of products allows me to evaluate the quality of the products.

• The different lighting used in each area inside the store is important to the area.

Q16. Colour

• The colours affect how I feel in the store.

• The appropriate colour in the retail place creates a positive image in my mind.
The colour that corresponds with the brand will create positive image of my mind.

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Q17. Temperature

The quality of the air conditioning makes my presence in the store more comfortable.

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The store without air conditioning discourages me towards shopping.

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Q18. Scent

The scent in store encourages me to purchase more.

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• Fragrance of the retail chain makes me to stay more time.

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• Scent will be a reason that makes me to revisit the store.

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Secondly, we are looking at the layout and design variables in store.

Q19. To what extend would you agree with the following statements?

• In-store display motives me to look at the products more critically.

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• I enter the luxury store because I like their window display.

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Then we would like to ask your opinions about the services in the luxury stores.

Q20. To what extend would you agree with the following statements?

- Staff presentation affects my purchase decision.

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- A friendly approach by the staff improves the image of the brand and enhances product experience.

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- A superior service is more important than the products.

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Finally we would like to ask your opinions about technologies that are applied in luxury stores.
Q21. To what extend would you agree with the following statements?

- Technology in luxury store is important to me.

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- I will be attracted to the store if the store has the advanced technology such as virtual reality and augmented reality.

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- I expect luxury fashion stores to have more advanced technology (e.g. VR, AR) than other stores.

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- The technology will make my shopping more experiencing.

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Part 3

Finally, in this section, we will be asking you about your personal attitude about luxury.

(Optional)

Q22. To what extend would you agree with the following statements?

• I like to own things that impress people and make them admire me.

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• I admire people who own luxury products (for example, cloths, accessories, shoes, etc.).

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• Buying luxury products give me a lot of pleasure.

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• I’d be happier if I could afford to buy more luxury products.

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Appendix 2: The original version of questionnaire for piloting

Demographic

Q1. Gender:
Female
Male

Q2. What is your age?
1980-1994
1995-2000

Q3. Which tier of city are you living in?
Tier 1
Tier 2
Tier 3
Tier 4

Please write your city here if the city you are living in is not on the list: ____________

Figure 2.6 Chinese cities classification (Source: South China Morning Post, 2017; Wong, Lin, and Lee, 2017).
Q4. Annual disposable income (i.e., combined family income):

Under £18,100
£18,100 – 21,600 (Tier 4 cities average household income)
£21,600 – 24,100 (Tier 3 cities)
£24,100 – 28,800 (Tier 2 cities)
Over £28,800 (Tier 1 cities)

Q5. Occupation of household’s head (i.e., parent, foster parent, guardian, partner, etc.):

Part 1

In this section, we will be looking at a few things about your lifestyle choices, your general knowledge and your preferences in life.

Q6. How often do you visit luxury fashion store?

Daily
Weekly
Monthly
Yearly
Occasionally

Q7. Compare to the average person, how knowledgeable/familiar are you about luxury fashion or luxury branding?

<table>
<thead>
<tr>
<th>Not knowledgeable</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Knowledgeable</th>
</tr>
</thead>
</table>

Q8. To what extend would you agree with the following statements?

- I admire people who own luxury products (for example, cloths, accessories, shoes, etc.).

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Average</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
</table>

- I like to own things that impress people and make them admire me.

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Average</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
</table>
Part 2

In this section, we will be looking at the general environment of our preferences for the shopping area.

Q9. To what extend would you agree with the following statements?

- I like a lot of luxury in my life.
  Strongly agree | Agree | Average | Disagree | Strongly disagree

- Buying luxury products give me a lot of pleasure.
  Strongly agree | Agree | Average | Disagree | Strongly disagree

- I’d be happier if I could afford to buy more luxury products.
  Strongly agree | Agree | Average | Disagree | Strongly disagree

- I pay attention to the store environment.
  Strongly agree | Agree | Average | Disagree | Strongly disagree

- Factors like music, colours, lighting in a store make a difference to me in deciding which store I shop at.
  Strongly agree | Agree | Average | Disagree | Strongly disagree

- I find myself making shopping decisions based on how the store looks.
  Strongly agree | Agree | Average | Disagree | Strongly disagree

- Store décor influences my decision about where I shop.
  Strongly agree | Agree | Average | Disagree | Strongly
• I would be more interested in the store if the design is related to festival.

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
</table>

Q10. Which features do you think are mostly affecting to purchase of the products? (Multiple)

Brand
Design
Quality
Price
Technology applied in store
Service
In-store design
Packaging

Q11. Does the design of in-store environment inspire you in purchasing?

Yes
No

Q12. Do you evaluate products according to the in-store design?

Yes
No

Part 3

Now in this section, we will be focusing on the details of each part of the store designs that cause stimuli.

First, we are looking at the general interior variables.

Q13. Music

To what extend would you agree with the following statements?

• Music in store motivates me to buy more.

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
</table>

• Listening to music creates a relaxed atmosphere while shopping.
- Pleasant environment created by music makes me spend more time in store.

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
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- The adequate rhythm of the background music makes me comfortable.

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
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- The sufficient volume of the background music makes me stay more time.

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
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Q14. **Lighting**

To what extend would you agree with the following statements?

- Appropriate colour and luminance of lighting attracts me towards products.

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
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</thead>
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</tbody>
</table>

- The appropriate lighting in store makes things more visible and attractive to me.

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
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</thead>
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</tbody>
</table>

- The lighting in the area of products allows me to evaluate the quality of the products.

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
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</thead>
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</tbody>
</table>

- The different lighting used in each area inside the store is important to the area.

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
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</table>
Q15. Colour

- The appropriate colour in the retail place creates a positive image in my mind.

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
</table>

- The colour that corresponds with the brand will create positive image of my mind.

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
</table>

Q16. Temperature

- The quality of the air conditioning makes my presence in the store more comfortable.

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
</table>

- The store without air conditioning discourages me towards shopping.

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
</table>

Q17. Scent

- The scent in store encourages me to purchase more.

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
</table>

- Fragrance of the retail chain makes me to stay more time.

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
</table>

- Scent will be a reason that makes me to revisit the store.

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
</table>
Secondly, we are looking at the layout and design variables in store.

Q18. To what extend would you agree with the following statements?

- Display motives me to look at the products more critically.
  
<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
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- The creative and systematic arrangement of products in the retail chain outlet helps me in the selection of product.
  
<table>
<thead>
<tr>
<th>Strongly agree</th>
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<th>Disagree</th>
<th>Strongly disagree</th>
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Then we would like to ask your opinions about the services in the luxury stores.

Q19. To what extend would you agree with the following statements?

- Staff presentation affects my purchase decision.
  
<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
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- A friendly approach by the staff improves the image of the brand and enhances product experience.
  
<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
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- A superior service is more important than the products.
  
<table>
<thead>
<tr>
<th>Strongly agree</th>
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<th>Disagree</th>
<th>Strongly disagree</th>
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