The Atmosphere and Environment of Luxury Street Shopping

A Case Study of Zhongshan North Road in Taipei City

Huang Hsiao-Ching 1) Lin Chia-Hua 2)

1) The Graduate Institute of Design Science, Tatung University 2) Tatung University

1. Introduction

Luxury Street helps potential consumers understand luxurious brands and displays an authentic lifestyle. For instance, Omotesando in Tokyo used to be a quiet and artistic community with a tree-lined avenue. Since then, branches of luxurious brands popped up on Omotesando, and the trend of setting up flagship stores altered the marketing of luxurious brands while setting a new development of shopping district in Japan (Chadha, 2007). Well-known luxury streets follow the commercial model mentioned above. For instance, Fifth Avenue in New York gathers lots of famous brands while boasting the most expensive rent, according to British consulting company.

As for building up a successful luxury street, first priority is to provide adequate experience for consumers. The modern age of consuming behavior consists of multiple behavioral receiving. Therefore, designing an elegant exterior environment is necessary for providing a well-rounded experience. Schmitt (1999) proposes the concept of “experience marketing” and defines experience as an individual response to specific stimulus which is inclusive of life. Holbrook & Hirschman (1982) indicates that consumers focus on pursuing good feelings, fun, and new elements; consumers expect to indulge themselves into a creative environment that company provides.

In order to build an elegant commercial place that is different from normal market place, Taipei City Office of Commerce is currently redesigning the luxury street on Zhongshan North Road. The plan is to adopt and learn the model of European luxury street, which builds around luxury, fashion, and life. The ideal goal is to enrich different city culture, attract foreign and local consumers, set up featuring market district, and provide comfortable marketing experience. This case study discusses Zhongshan North Road and adopts experience marketing, which is proposed by Schmitt and consists of sense, feel, think, act, and relate, to analyze the consumers’ shopping experience at luxury street. The importance of this study is to understand a satisfying shopping experience of users.

2. Luxury Street and Strategic Experiential Modules

2.1 The Features of Luxury Street

Normally, luxurious flagship stores can serve as attractive tourist destination by means of building atmosphere, creating abundant space, and strengthening brand image. According to previous study, 24% of customers visited stores because of window display. Window display mainly serves three functions: eliciting new interest, enhancing street view, providing new brand information (Hwang, 1992). Furthermore, elegant design of commercial architecture is heavily emphasized when setting up new stores. Well-known architect Rem Koolhaas points out that “architecture is part of marketing”, which indicates that architecture should be able to provide “sensual experience”. Therefore, luxurious brands attempt to build their lead in market by setting up featured building, such as heavily-designed flagship stores or landmarks. These eye-catching architectures can make existing customers identify more with the brand, while attracting incoming customers as well. The Bond Street in London also gathers dozes of world-famous fashion and accessory brands. The common feature of these stores on the luxury street is the elegance of window display and delicacy of interior design.

2.2 Strategic Experiential Modules (SEMs)

Schmitt (1999) proposes “Experiential Marketing”, which is based on psychological theories and social behavior concerning individual customers. Based on Experiential Marketing, Schmitt proposes SEMs, in order to accommodate individual customers (Schmitt, 1999).

Table 1. The Definition of SEMs

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<thead>
<tr>
<th>SEMs</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Sense</td>
<td>Sensory Experiences</td>
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<tr>
<td>Feel</td>
<td>Affective Experiences</td>
</tr>
<tr>
<td>Think</td>
<td>Creating Cognitive Experiences</td>
</tr>
<tr>
<td>Act</td>
<td>Physical Experiences and Entire Lifestyles</td>
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<tr>
<td>Relate</td>
<td>Social-Identity Experiences</td>
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3. Methodology

This study adopts internet questionnaire, and a total of 107 questionnaires are valid. The questionnaire focuses on five facets: sense, feel, think, act, and relate. The questionnaire uses five-point Likert Scale, with five as absolutely agree. In order to
further understand the relations between different factors, this study adopts analysis of correlation by SPSS.

4. Analyzing Zhongshan North Road Luxury Street

4.1 Descriptive Statistics

Among these 107 valid questionnaires, 43 questionnaires are answered by male (40.19%), and 64 questionnaires are answered by female (59.8%). The age of consumers is mostly from 21-30 years old (77%). The educated level of consumers is mostly universities (56%). The occupation of consumers is mostly students (31%). The overall evaluation of this luxury street by consumers is as follows: excellent (8%), good (49%), average (37%), below average (4%).

4.2 Analyzing Luxury Street by Adopting SEMs

Under the item of Sense, “visiting this luxury street is satisfying” scores the highest point (3.44), the next is “visiting brings me joy and deep impression” (3.42). Under the item of Feel, “visiting makes me delightful” scores the highest point (3.38), the next is “visiting alters my emotion” (3.36). Under the item of Think, “visiting elicits my curiosity and marvel” scores the highest point (3.29), the next is “visiting won’t stimulate my creative thinking” (3.07). Under the item of Act, “visiting won’t make me think about particular behavior” scores the highest point (3.14), the next is “visiting will make me contemplate my lifestyle” (2.93). Under the item of Relate, “I won’t pay close attention to information concerning this luxury street” scores the highest point (3.45), the next is “I will visit here with others” (3.31).

4.3 Factor Analyzing

The results shows that the level of significance between 14 variables is 0.01 (two-tailed), therefore no variables needs to be eliminated. Cumulative explained variance is 65.98%.

The dimension of the first factor consists of 4 variables, and the order of these variables sorting by factor loadings from high to low is as follows: “I will visit here with others”, “after visiting, I am willing to share this experience with others”, “visiting will make me contemplate my lifestyle”, “visiting won’t make me think about particular behavior”. This dimension included two Relate variables and two Act variables, and therefore this dimension is named as “Participating & Sharing”. The dimension of the second factor also consists of 4 variables, which are sorted by same method mentioned above and are as follows: “this place lacks sensual attraction”, “visiting alters my emotion”, “visiting is satisfying”, “visiting makes me think of the purpose of shopping on this street”. Variables under this dimension are all related to Sense and Feel, and therefore this dimension is named as “Experience & Reception”. The dimension of the third factor has 4 variables, which are as follows: “visiting elicits my curiosity and marvel”, “visiting makes me delightful”, “visiting brings me joy and deep impression”, “visiting prompts my shopping behavior”. Variables under this dimension are all related to Feel, and therefore this dimension is named as “Shopping Engagement”. The dimension of the fourth factor only has 2 variables, which are “visiting won’t stimulate my creative thinking” and “visiting won’t stimulate my emotional reaction”. These two variables are related to Think, and therefore this dimension is named as “Smooth Feeling”.

After factor analyzing, this study discovers that “Participating & Sharing”, “Experience & Reception”, “Shopping Engagement” have close relations. The satisfactory level of consumers is affected by experience, which is further affected by interaction and emotional feelings (Falk, 2009).

5. Conclusion

1) The most influential factors for the participants in this study are “Sense” and “Feel”. The luxury street can alter consumers’ mood and make the more delightful.
2) As for the factors that affect the consumers’ shopping experience, “Participating & Sharing”, “Experience & Reception”, “Shopping Engagement” all take part in it.
3) “I won’t pay close attention to information concerning this luxury street” scores the highest point under the item of “Relate”. In other words, the information about luxury street is not widespread.
4) In order to compensate for the item of “Relate”, luxury street designers are suggested to build social network, which provides more information concerning luxury street for consumers.

Reference