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**THE ROLE OF PERSONAL SERVICE QUALITY
WITHIN LUXURY BOUTIQUES IN BUILDING
BRAND LOYALTY
A CASE STUDY OF VAN CLEEF & ARPELS**

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Contents

Chapter One: Introduction	3
1.1 Research Background.....	3
1.2 Research Problem	4
1.3 Research Significance	6
1.3.1 Significance at the Theoretical Level.....	6
1.3.2 Significance at the Empirical Level	7

Chapter One: Introduction

1.1 Research Background

Over the last decade, the global luxury market has radically changed its strategies, from focusing primarily on products to considering client experience. Competing in the luxury market is no longer about superior craftsmanship, exclusivity, or heritage. Competing in luxury products is about competing in the personalized experiences that luxury brands provide at every customer interaction. In luxury brand boutiques, these experiences are strategically employed to carve perceptions, enhance emotional bonds, and ultimately create long-lasting relationships with luxury clients. Research has shown that, in luxury and premium retail, the provision of quality service has a positive correlation to the customer's satisfaction and loyalty to the brand.

It is evident that buyers in the luxury retail market are not satisfied with a simply transactional purchase. They strive for, and expect, emotional involvement, personal attention, and consultation of the highest level, as well as experiences that not only reflect, but also reinforce, the status and honor of the brand. This has brought about the need for luxury brands to employ boutique staff that are well trained and highly skilled. Of the top luxury jewelry brands in the world, Van Cleef & Arpels stands out for its superior artistry and craftsmanship. Established in 1906, the brand has a strong global presence due to its combination of highly personal services and exclusive luxury offerings. At Van Cleef & Arpels, customers receive specialized consultancy services which include narrative sessions about jewelry collections, after-sales service, and purchase experiences that help form emotional bonds with the clientele.

In the luxury market, customers prioritize service more than the goods on offer. It is increasingly evident that luxury clientele is selective and price-oriented with greater emphasis on the customer experience and service quality. These factors will determine their brand allegiance and purchasing behavior. Luxury clientele is concerned with personalization, emotional fulfillment, and brand engagement, and therefore the retention

and loyalty of this clientele is greatly reliant on the firm's ability to offer an individualized service. Loyalty to luxury brands is distinctly different from loyalty to brands in other segments of the market. It goes beyond the transactional relationship. It incorporates emotional allegiance to the brand, championing the brand, and a continual positive relationship with the brand showing a congruence of values and identity. Quality service that incorporates personalization greatly impacts the trust and emotional relationship that clientele have with the brand and fulfills all the requirements of loyalty. Numerous studies have shown that customer satisfaction is the endpoint and the most important outcome of service quality and loyalty. Research on the impact of personal service quality on brand loyalty in luxury retailing is still sparse in the academia even with the high demand for personalization within luxury retailing. There have been many studies on service quality and customer satisfaction in retailing in general, but the luxury jewelry market is an exception. Here, the customer engagement is emotional and stands in stark contrast to the transactional engagement of the mass market.

This gap suggests a need to study how personalized boutique services may help reinforce customer loyalty to luxury brands. For this reason, this study aims to analyze how personal service within luxury boutiques impacts brand loyalty, focusing on Van Cleef & Arpels. This study develops a better understanding of the dynamics of personal service and customer loyalty and aims to improve the body of knowledge and practice in luxury retail management. It is anticipated that the study will help luxury retail managers improve customer loyalty and establish emotional bonds with their customers, as well as create and protect a sustainable competitive advantage in the luxury retail market, which is becoming more and more crowded.

1.2 Research Problem

With the increased competition in the luxury retail sector, brands not only differentiate using the excellence of their product and service, but their client experience as well. In luxury retail, of which greets the clients every time they enter the store, this factor most

significantly shapes the client's thoughts, feelings, and even the products that they are likely to buy the store. Since luxury clients anticipate services that are as exclusive as the brand, and involve a level of emotional service engagement, the personal service that is provided by the brand is critical in designing a long-lasting and meaningful client relationship. In spite of the service quality framework in most of retail and service literature, the role of personal service quality in luxury jewelry retail and the effect such service has on luxury brand loyalty is still a white space. Much of the previous research has been on the general dimensions of service quality and as a result has focused on customer satisfaction and customer loyalty in the general retail sector (Parasuraman et al., 1988; Zeithaml et al., 1996). In addition, most of the research that has focused on luxury brands has been on brand image and product quality and brand prestige and customer experience. The role of personal boutique service in the luxury retail sector and especially in the luxury jewelry retail sector has especially focused on brand loyalty (Ko et al., 2019).

This is especially pertinent in the luxury jewelry sector as the purchasing decision in this sector is emotional and focuses on the elements of trust, personalization, and relationship-building services. Moreover luxury clients are seeking memorable and unique experiences that are beyond the product. It is crucial for luxury brands to understand the role personal service quality plays in creating brand loyalty to achieve customer retention and a competitive edge in the marketplace. Van Cleef & Arpels provides a special opportunity in this context because of its worldwide exceptional customer service and craftsmanship reputation. Even though Van Cleef & Arpels devotes a lot of resources to building customer boutique exclusivity, very little research exists regarding the influence of this brand's personalized service on customer perceptions and, consequently, the customers' brand loyalty. The research problem can, therefore, be articulated as follows:

"Although the significance of personalized service in luxury retail is on the rise, there is very little understanding of the influence of personal service quality in luxury boutiques on the development of customer loyalty to luxury brands. This research intends to understand

the influence of personal service quality on brand loyalty of customers of Van Cleef & Arpels boutiques. “This research problem addresses a theoretical and practical issue of understanding the influence of personal service quality on customer loyalty in the luxury jewelry sector and will provide a valuable contribution to luxury marketing and relationship management research of today.

1.3 Research Significance

This study focuses on the increasing role of personalized service quality as a core strategy in building customer relationships and sustaining competitive advantage in the luxury retail sector. Understanding this strengthens the service quality-building brand loyalty relationship among luxury retail customers and offers both academic researchers and luxury brand practitioners new insights. The growing demand among luxury customers for a deeper level of engagement through personalized service poses challenges to the academic and practical realms. This study aims to address this and provide valuable contributions to luxury retail practice, especially in the luxury jewelry sector.

1.3.1 Significance at the Theoretical Level

This study focuses on the intersection of luxury retailing and service quality, relationship marketing, customer experience, and brand loyalty. As such, it adds to the body of knowledge from a number of theoretical perspectives. Research on service quality and customer loyalty outside of luxury retailing has flourished over the years; however, limited research focuses on the role of personalized service quality in luxury jewelry boutiques (Ko et al., 2019; Wiedmann et al., 2009).

In addition, this study focuses on luxury retail contexts characterized by high levels of emotional and personalized customer interaction, a significant void in the research. In the context of luxury retailing, emotional service interactions are strongly associated with a retail offering's symbolic representation, prestige, and exclusivity, which makes personal service quality especially important for customer loyalty (Kapferer & Bastien, 2012).

In addition, the research extends the theories concerning relationship marketing and service quality by examining the role of sales advisors' personalized interactions with customers in developing customer loyalty to a brand over time. The results may provide evidence that luxury service encounters offer customers emotional and relational satisfaction that goes beyond the satisfaction of the functional utility of the product. Thus, the research advances the understanding of customer behavior in the luxury market and establishes a starting point for further research on service quality and brand loyalty in the luxury market.

1.3.2 Significance at the Empirical Level

It is important for luxury brand managers, luxury boutique managers, relationship marketing managers, and marketing managers. It will enable luxury retailers to gain insights on the ways customers perceive and assess luxury personalized service and the subsequent impact this assessment has on the customers' brand loyalty. For Van Cleef & Arpels, the research shows the impact of the houses' luxury personalized services on customer satisfaction, trust, and the intention to purchase from the brand repeatedly. The study provides evidence that is useful to managers for making decisions regarding the personalization of services, the design of services, and the management and improvement of customer relationships.

Apart from this, the research shows luxury retailers ways of creating emotional brand loyalty and personalized services that offer a brand advantage over its competitors. As luxury markets become more competitive and customer acquisition costs increase, the competitive advantage for luxury retailers is using personalized services to retain customers (Lemon & Verhoef, 2016).

Furthermore, as customers in many developing, competitive markets balance increasing service expectations and growing dissatisfaction with luxury brands, the research may offer direction to luxury brands. By identifying the dimensions of personal service quality that influence loyalty the most, luxury brands can design loyalty programs to strengthen brand equity and customer loyalty. This assists the brand in being competitive and achieving

long-term goals.to sum up this research is valuable because it shows how personal service quality in luxury boutiques, specifically with Van Cleef & Arpels in the luxury jewelry sector, helps to understand and cultivate brand loyalty.