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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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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.

1.4 Research Questions

The luxury retail sector increasingly recognizes personalized service as a key factor in creating meaningful customer experiences and fostering long-term relationships. However, there remains limited understanding of how personal service quality within luxury boutiques contributes to the development of brand loyalty. Based on the research problem and the identified gap in the literature, this study seeks to answer the following research questions:

Main Research Question

How does personal service quality within luxury boutiques contribute to building brand loyalty among customers of Van Cleef & Arpels?

Sub-Research Questions

- ❖ To what extent do customers perceive the quality of personalized service provided in Van Cleef & Arpels boutiques?
- ❖ What is the relationship between personal service quality and customer satisfaction in Van Cleef & Arpels boutiques?
- ❖ How does personal service quality influence customers' trust in the Van Cleef & Arpels brand?
- ❖ What is the impact of personal service quality on customers' loyalty toward the Van Cleef & Arpels brand?
- ❖ Which dimensions of personal service quality have the strongest influence on brand loyalty in the luxury jewelry retail sector?
- ❖ How can luxury boutiques enhance personal service quality to strengthen customer loyalty and long-term customer relationships?

1.5 Research Objectives

The purpose of this study is to describe the contribution of personal service quality in luxury boutiques to brand loyalty in the case of Van Cleef & Arpels. This study aims to deepen the understanding of how luxury consumers are impacted personally by service and how this influences their perceptions, attitudes, and relationships with luxury brands on a more permanent basis. To do this, the study aims to achieve the following objectives:

Main Objective

To describe the contribution of personal service quality to brand loyalty for customers of Van Cleef & Arpels boutiques.

Specific Objectives

- ❖ To understand customers' views on the personal service quality in Van Cleef & Arpels boutiques.
- ❖ To explore the role of personal service quality on customer satisfaction in a luxury boutique.
- ❖ To examine how the quality of personal service of Van Cleef & Arpels enhances customer trust.
- ❖ To investigate the effect of personal service of Van Cleef & Arpels on brand loyalty.
- ❖ To determine the elements of personal service in the luxury jewelry industry that build brand loyalty the most.
- ❖ To suggest ways to improve personal service for the purpose of generating customer loyalty and relationship marketing.

1.6 Research Hypotheses

The hypotheses of this study are developed based on the Service Quality Theory, Relationship Marketing Theory, and the existing literature that highlights the influence

of personalized service experiences on customer satisfaction, trust, and loyalty in luxury retail environments (Parasuraman, 1988; Zeithaml, 1996; Wirtz & Lovelock, 2022). Previous studies suggest that customers who receive high-quality personalized service are more likely to develop positive attitudes toward a brand, trust its offerings, and maintain long-term relationships with the organization (Lemon & Verhoef, 2016; rather, 2019). The following figure indicates the hypothesis.

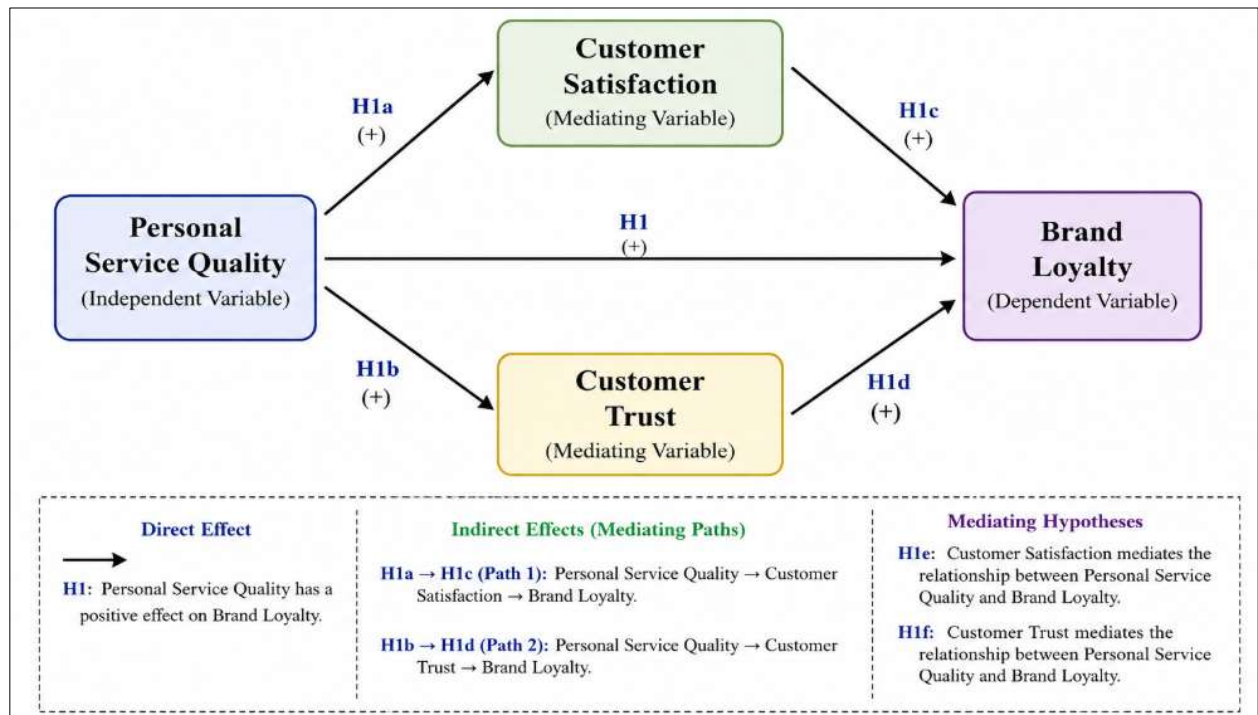


Figure 1 Proposed Conceptual Framework of the Study and Research Model

1.8 Research Methodology

This study examines how personal service quality influences brand loyalty among clients at Van Cleef & Arpels boutiques. A quantitative method is used to meet the study objectives and test the proposed hypotheses. This method is appropriate given that the perceptions of personal service quality, satisfaction, trust, and brand loyalty of

a customer can all be measured, and the relationships of these variables can be examined statistically.

The research employs a positivist philosophy. In a positivist approach, social phenomena are assumed to be measurable, and therefore, can be researched. Because empirical data can be collected, social phenomena can be described and social relationships can be measured. Therefore, the positivist approach is appropriate for this study which examines a brand and seeks to measure the loyalty and satisfaction of consumers of a boutique. This research is also consistent with a deductive approach, where after measuring existing social phenomena, the researcher seeks to relate social variables. It employs a cross-sectional research design. This design is appropriate for the study where customer perceptions and experiences are being investigated. This research will be event-based and cross-sectional. In this case, the researcher intends to collect data at a single occasion. To collect primary data, the researcher will employ a structured survey instrument. Service Quality, Customer Satisfaction, Customer Trust, and Brand Loyalty will be included as survey constructs.

Responses will be measured on a five-point Likert scale with options from “Strongly Disagree” to “Strongly Agree.” The target population includes customers who purchased Van Cleef & Arpels products or visited their boutiques in the last twelve months. The study will focus on customers who have had direct experience with the brand's personalized services, and a purposive sampling technique will be used for the selection of respondents. The study hopes to collect around 300 valid responses, which will be sufficient to run different types of multivariate statistical analysis and mediation analysis (Hair, 2022).

The analysis will be done with Google forum. Demographic statistics and respondent perceptions will be analyzed using descriptive statistics. Cronbach's Alpha will be used to measure the reliability of the descriptive statistics and will be followed by correlation statistics to measure the correlation between the variables. The proposed research

model will be analyzed with direct effects using multiple regression statistics. Customer trust and satisfaction will also be analyzed to see if they mediate the effects of personal service quality on brand loyalty. All ethical considerations will be done throughout the study. Participation will be voluntary, and respondents will be informed of the purpose of the research, and all information will be kept confidential. No personal information will be captured, and the data will be used for research only. Compliance with these procedures will uphold ethical standards for business and marketing research.

1.9. Project structure

The following figure (3) shows how the research project is structured. The project consists of five chapters, each helping to meet the research goals. It begins with Chapter One. The introduction to the research is established here. The background is explained. The research problem is identified, and the research purpose and questions are stated along with the hypotheses. The methodology and the conceptual model are outlined. Chapter Two, the literature review, identifies the gap in research regarding luxury retailing and personal service quality and develops the conceptual model. It reviews research pertaining to customer satisfaction, trust, and brand loyalty. Chapter Three, research methodology, outlines the design and philosophy of the research, the sample selection, the data collection, the research tools, and the techniques of analysis. Chapter Four, data analysis and results, describes the research results, and the hypotheses and mediation analysis are presented. Chapter Five, discussion, conclusions, and recommendations, evaluates the results, discusses the implications for theory and practice, and proposes recommendations. It also discusses the limitations of the research and makes suggestions for future research. These chapters provide a step-by-step progression from the research problem to the conclusions drawn.

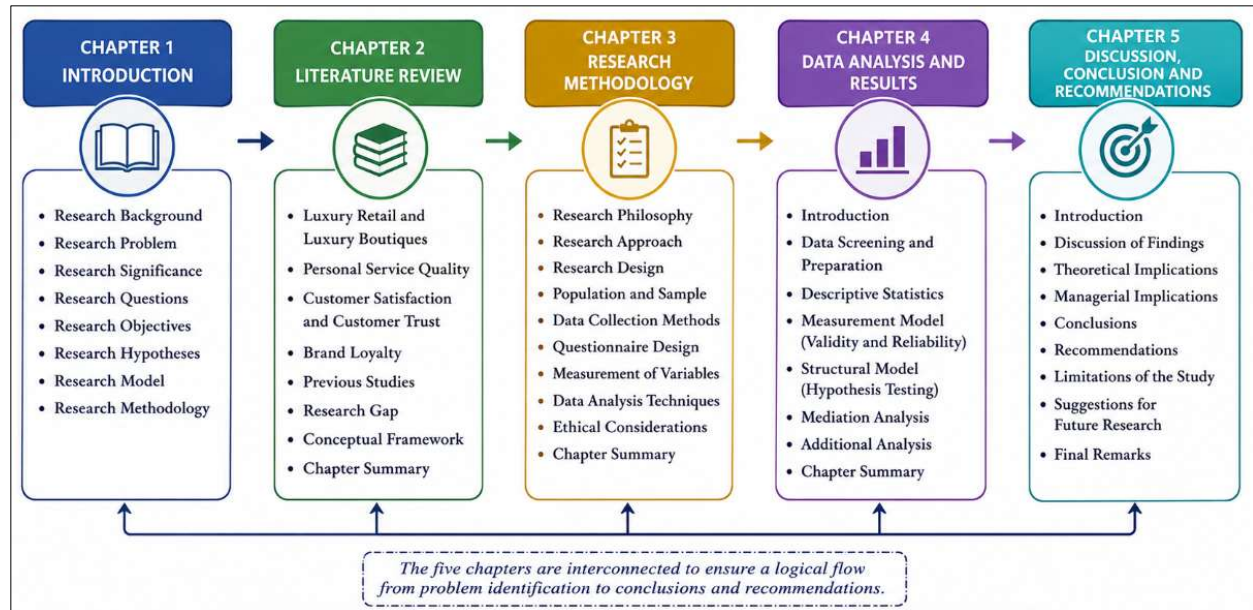


Figure 2: project structure

Chapter 2: Literature Review

2.1 Introduction

The last few years have brought a lot of change to the luxury retail sector. The focus of shoppers has shifted from simply buying high-end products to seeking valuable, one-of-a-kind experiences. Historically, luxury brands have relied on attracting clientele through the brand's exclusivity, high-level craftsmanship, and brand heritage and reputation. Today, luxury brands are evaluated on service encounters and the experiences offered in the overall buying journey. Because of this, the quality of the personal service offered has become a dominant factor in forming customer perceptions, satisfaction, and trust, as well as the likelihood of continued loyalty. In luxury retail shops, meaningful encounters between a customer and a sales associate help to forge a strong emotional connection to the brand and help to create an experience that is memorable. Unlike traditional retail shops, luxury brand retail shops focus on offering service that is personal, through service that is attentive, and through service that meets the customer's specific needs and expectations, as well as constructive relationship-building service encounters. The focus of this chapter is on the personal service quality literature as it relates to luxury retailing, customer satisfaction, trust and loyalty, in addition to the applicable theories on the subject. The chapter goes on to review past relevant studies and research on the subject and lastly, fill in the lacunae in the existing literature. Based on this, the chapter outlines the guiding principles for the study.

2.2 Luxury Retail and Luxury Boutiques

2.2.1 Concept of Luxury Retailing

Luxury retailing is the sell and trade of high-end quality goods and services which are exclusive and prestigious, and contain craftsmanship and art. In comparison to mass-market retailing, the luxury sector looks to generate more emotional and experiential value

rather than the functional elements of a product. To differentiate from their competitors and rationalize their prices, luxury brands focus heavily on their heritage, authenticity and scarcity combined with artistic excellence (Kapferer & Bastien 2012). The luxury industry is made up of many different sectors, such as, fashion, jewelry, watches, cosmetics, hospitality, and automobiles. There are many different personal and social drivers for a customer to purchase luxury items such as self-expression, social status, emotional fulfillment and an individual's lifestyle. Because of this luxury brands focus on high quality customer service in order to build a relationship with the customer and create an image of the brand that is cohesive and strong.

2.2.2 Luxury Customer Experience

Success in luxury retailing is increasingly linked to customer experience. Today's luxury customers want engaging interactions, individual service, and priceless experiences at every stage of the purchasing process. Lemon and Verhoef (2016) define customer experience as the totality of all customer-brand interactions before, during, and after the purchase. Customer experience in luxury retail is defined by the ambiance of the store, the employees, the service, the product, and personal involvement. Compared to customers of traditional retail, luxury customers have higher service expectations. Higher service is often tied to the customer's social and purchasing status, but luxury customers want exclusivity, personal recognition, and custom recommendations. Positive customer experiences build emotional connections to luxury brands, and strengthen customer satisfaction and loyalty. Because of this, luxury retailers concentrate on the personalization of experiences and the cultivation of customer relationships.

2.2.3 Luxury Boutiques as Relationship-Building Environments

Luxury boutiques serve as more than points of sale; they function as relationship-building environments where brands establish and nurture emotional connections with customers. Through personalized consultations, exclusive events, after-sales services, and customized interactions, luxury boutiques create opportunities for meaningful engagement between

customers and brand representatives. Van Cleef & Arpels exemplifies this approach by offering highly personalized boutique experiences designed to reflect the brand's heritage, craftsmanship, and artistic identity. Customers visiting the boutique are not only purchasing jewelry but also participating in an exclusive experience that strengthens their emotional attachment to the brand. As competition intensifies within the luxury market, the ability to provide exceptional personalized service has become a strategic advantage. Luxury boutiques increasingly rely on service excellence to differentiate themselves, enhance customer satisfaction, and encourage long-term loyalty.

2.3 Personal Service Quality

2.3.1 Concept of Personal Service Quality

Personal service quality means the way customers think about the service employees' one-on-one interactions and their won service delivery. Personal service quality looks beyond general service quality and focuses more on the employees' recognition of the customers' requests; employees' ability to provide customers with service that meets their requests; the employees' ability to interact with customers and form relationships (Wirtz & Lovelock, 2022). Within the luxury retail industry, personal service quality is an important part of making the customers' experience satisfactory. Luxury customers would expect that the services that are being offered would be representative of the brand's prestige. So service employees would need to have knowledge about the brand as well as the services that are being offered, and would need to be courteous, flexible and deal with each customer in the way that is most comfortable for that customer (Ko, 2019).

Luxury boutiques deal with customers on an emotional level in relation to the purchases that the customers are making. Customers wish for experiences that are memorable and that will reinforce their emotional feelings about the brand. This is the primary reason why luxurious brand service has become a competitive advantage in the luxury brand service industry (Kapferer & Bastien, 2012).

2.3.2 SERVQUAL Theory

SERVQUAL is one of the most prominent models examining the assessment of service quality. In this model, service quality is the evaluated difference between the expectations and experiences of the customer. SERVQUAL identifies five dimensions of service quality: reliability, responsiveness, assurance, and empathy and tangibles. Reliability is the extent to which customers can count on the service provider to deliver the offered service accurately and consistently. Within luxury boutiques, the reliability of the service is shown by the employee's ability to answer product questions and the employee's ability to offer versatile service. Responsiveness is the formal dimension of service quality that refers to the extent to which employees are willing to help the customer and do so promptly. Luxury consumers thrive on having their service demands met in a timely manner and prefer to receive service that is tailored to them. Assurance is the dimension that is most concerned with the employees' ability to be both qualified and helpful. Luxury goods service employees must be able to be both assurance-giving as well as service-guiding.

Empathy is the dimension of service quality that is most characterized by attention to the individual customer. The empathy of service employees allows them to build relationships by addressing the emotional service requirements of the customer. Tangibles is the most broad service quality dimension. This dimension encompasses the layout of the service boutique design, the service employees, and the service products. Even though service quality is primarily an interpersonal phenomenon, its assessment is influenced by the service's tangibility (Parasuraman et al., 1988).

The SERVQUAL model continues to be one of the popular models in retail and luxury service research because it encompasses an extensive service encounter framework and the subsequent influencing factors on customer behavior (Zeithaml et al., 2020).

2.3.3 Dimensions of Personal Service Quality

Using the SERVQUAL model along with modern literature on luxury retail, the following dimensions refine the assessment of personal service quality. For Individualized Attention, this means that employees should recognize and respond to customer needs and preferences. Luxury customers often like this to be accompanied by the employee's active involvement during the process with suggestions and advice based on the customers' preferences and lifestyle (Ko et al., 2019). Professionalism includes employees' skills and knowledge related to products, as well as the ability to engage and act in a refined manner. Professional service cultivates customers' confidence in the brand, leading to increased satisfaction with the experience. Responsiveness means being prepared to assist customers as soon as a need arises. This type of service shows consideration and results in satisfaction. For Empathy, personnel should be able to recognize and appreciate the feelings of the customer as well as provide sufficient emotional support and care. This type of service enhances the emotional connection a customer has with a luxury brand. Communication Quality denotes the ease, clarity, and precision of the interaction between the employee and the customer. This aids the customer in the decision-making process, and also increases confidence in the service provider (Wirtz & Lovelock, 2022).

2.3.4 Personal Service Quality in Luxury Boutiques

Personal service quality has become the primary tool luxury boutiques use to design superior customer experiences and foster high levels of customer loyalty. Many luxury brands are starting to realize the value of personalized service to provide a unique and sustainable competitive edge, as these offers are practically impossible for other brands to replicate. As luxury products have become more widely available to customers via digital means, the Interpersonal service quality available in the boutique channel has become the key differentiating factor.

Evidence shows that luxury customers view customized service as an important part of brand prestige and brand exclusivity. When employees of a luxury store show nice service through their expertise and by being attentive and interested, customers develop a brand-positive attitude and an emotional-motivational relationship with the brand. (Lemon &

Verhoef, 2016). Trust and satisfaction from customized service lead to brand loyalty and are highly regarded as important antecedents of brand loyalty.

For luxury jewelry brands such as Van Cleef & Arpels, personal service quality is very important for a purchasing decision, because emotional, symbolic and relational service quality determines the purchase. Customers demand service that is as exclusive as the products. Therefore, service quality is important for brand perception, and luxury boutiques must manage the service quality of their employees in order to retain customers and have a sustainable competitive advantage.

2.4 Customer Satisfaction and Customer Trust

2.4.1 Customer Satisfaction

One of the most researched concepts in marketing is customer satisfaction. Customer satisfaction is the assessment that a customer makes about a product, service, or experience after determining the extent to which their expectations have been met. Oliver (2015) argues that customer satisfaction is a state of mind resulting from the comparison of a customer's expectations and the actual state of affairs. Satisfaction is likely to result when the actual experience meets or exceeds the expectations. Dissatisfaction, on the other hand, is likely to occur when the expectations are not met. In luxury retail, customer satisfaction encompasses the entire service experience offered by the brand, in addition to the quality of the product. Luxury customers, especially, are interested in the provision of dedicated service, as well as the provision of professional service, exclusivity, and emotional involvement of the staff at the service boutique. Thus, satisfaction is a function of the purchased products, service encounters, and the emotional value offered throughout the customer journey (Lemon & Verhoef, 2016). Extensive research has revealed that satisfaction is a precursor to a host of beneficial outcomes, including an increase in the frequency of subsequent purchases, positive referrals, an enhanced emotional bond, and the development of loyalty. Customers who frequent luxury boutiques are likely to establish a relationship with the brand and the service staff, as well as cultivate a positive

attitude towards the brand. Hence, customer satisfaction is a principal determinant of the effectiveness of a service and the sustainability of a business (Wirtz & Lovelock, 2022).

2.4.2 Customer Trust

Another fundamental element affecting consumer behavior and the building of relationships is customer trust. Following (Morgan & Hunt, 1994), trust is defined as the customer's willingness to depend on a brand or a service provider because of the perceived availability, reliability, integrity, and competence to fulfill the value proposition. Particularly in the luxury markets, the investment is substantial, and customers expect not only the best products, but also the best service. Trust is of critical importance for building long-term relationships, especially in the luxury markets. Customers purchasing luxury jewelry expect the service provider to be transparent and authentic, and to provide not only the best advice, but also the assurance of the quality and the best possible value of the purchase. From the customer's perspective, trust diminishes uncertainty and risk, and thus increases both the willingness to purchase and the engagement with the brand (Chaudhuri & Holbrook, 2001).

Empirical pieces of evidence have confirmed that trust improves customer commitment, loyalty, and advocacy. Trust of the customer is reflected in the recommendation to other potential customers, the loyalty to the brand despite competitiveness, and the long-term relationship with the service provider. Especially in the luxury market, trust is built through service personalization, expertise, and honest and seamless service (Rather, 2019).

2.4.3 Interconnections of Personal Service Quality, Satisfaction, and Trust

Significant interest has developed recently in personal service quality, customer satisfaction, and customer trust regarding marketing research. Most agree service quality is an antecedent to both satisfaction and trust. Customers who experience a service as being professional, as well as being responsive, personal, and dependable, are likely to be satisfied with the experience and have trust in the service provider (Parasuraman,

1988). Within luxury boutiques, personalized service quality is even more critical, as customer expectations are even greater. Positive service experiences that lead to customer satisfaction are a result of service that is attentive, empathetic, and responsive, and includes expert service. Those customers who view boutique staff as service consultants to and advocates for the customer have higher satisfaction for the service and the brand (Ko et al., 2019).

Personal service quality also helps build customer trust. If employees are competent, act with trust, and show concern for the customer, the brand will be viewed as trustworthy. Value is added to this customer's view of the brand by quality service. Quality service is built on the staff's ability to engage in heartfelt, personal service and effective communication (Morgan & Hunt, 1994). Trust and satisfaction are regarded as significant mediating factors in determining the impact of service quality on customer loyalty. These assessments stem from the understanding that satisfied customers tend to build brand loyalty over time, and that brands with higher customer loyalty and trust are more likely to retain their customer base. As a result of the above, trust and satisfaction are included as mediating variables in most of the studies focused on the impact of service quality on the loyalty of customers (Rather, 2019). When it comes to understanding the relationships between service quality, customer satisfaction, and customer trust in the luxury jewelry retail sector, like those dealing with Van Cleef & Arpels, a lot of work goes into the highly personalized luxury service. Particular, lasting service experiences help brands keep a loyal customer base, as they deepen the emotional bond and encourage trust in the brand.

2.5 Brand Loyalty

2.5.1 Concept of Brand Loyalty

Brand loyalty is one of the most important concepts in marketing and consumer behavior research. It refers to a customer's commitment to repeatedly purchase and support a particular brand despite the availability of competing alternatives. Brand loyalty reflects a strong and enduring relationship between customers and brands, resulting from positive

experiences, trust, satisfaction, and emotional attachment developed over time (Oliver, 2015). The concept of brand loyalty has evolved significantly over the years. Earlier studies viewed loyalty primarily as repeated purchasing behavior. However, contemporary researchers recognize that loyalty involves both behavioral and psychological dimensions. Customers may repeatedly purchase a brand due to convenience or lack of alternatives without necessarily being loyal. True loyalty exists when customers demonstrate a genuine preference for a brand and maintain a positive emotional connection with it (Chaudhuri & Holbrook, 2001). In highly competitive markets, brand loyalty is considered a valuable strategic asset because loyal customers are more likely to continue purchasing products, recommend the brand to others, and resist competitive marketing efforts. Consequently, organizations invest substantial resources in developing strategies that strengthen customer loyalty and promote long-term relationships.

2.5.2 Dimensions of Brand Loyalty

Researchers generally classify brand loyalty into two primary dimensions: behavioral loyalty and attitudinal loyalty.

Behavioral Loyalty

Behavioral loyalty refers to customers' actual purchasing behavior, including repeat purchases, purchase frequency, and continued patronage of a particular brand. This dimension focuses on observable actions and reflects customers' willingness to maintain commercial relationships with a brand over time (Dick & Basu, 1994). In the luxury retail sector, behavioral loyalty may be reflected through repeated purchases of luxury products, frequent visits to boutiques, and continuous engagement with the brand. However, behavioral loyalty alone may not fully capture customers' true commitment because repeated purchases can sometimes result from situational factors rather than genuine loyalty.

Attitudinal Loyalty

Attitudinal loyalty reflects customers' psychological commitment, emotional attachment, and positive attitudes toward a brand. It includes trust, admiration, preference, advocacy, and willingness to recommend the brand to others. Attitudinal loyalty is often considered a stronger indicator of long-term customer relationships because it reflects genuine affection and commitment toward the brand (Oliver, 2015). Luxury brands place particular emphasis on attitudinal loyalty because luxury consumption is frequently driven by emotional, symbolic, and experiential factors. Customers who develop strong emotional attachments to luxury brands are more likely to remain loyal even when competitors offer similar products or services.

2.5.3 Brand Loyalty in Luxury Markets

Brand loyalty plays a unique role within luxury markets because luxury consumers often seek more than functional benefits. Luxury products serve as symbols of identity, prestige, social status, and personal achievement. As a result, loyalty toward luxury brands is frequently influenced by emotional and symbolic considerations rather than purely economic factors (Kapferer & Bastien, 2012). Luxury brands strive to cultivate loyalty by creating exceptional customer experiences, maintaining exclusivity, delivering superior quality, and establishing emotional connections with customers. Personal service quality, in particular, has become increasingly important as luxury brands seek to differentiate themselves in an environment where product features can be easily imitated. Personalized interactions enable brands to create memorable experiences that strengthen customer attachment and reinforce perceptions of exclusivity. Recent studies suggest that luxury brand loyalty is strongly influenced by customer satisfaction, trust, and emotional engagement. Customers who trust a luxury brand and feel satisfied with their experiences are more likely to develop long-term loyalty and advocate for the brand within their social networks (Rather et al., 2019). Furthermore, loyal customers often contribute significantly to brand profitability through repeat purchases and positive word-of-mouth communication.

2.5.4 Relationship between Satisfaction, Trust, and Brand Loyalty

The relationship between customer satisfaction, customer trust, and brand loyalty has been extensively examined in marketing literature. Satisfaction and trust are widely recognized as important antecedents of loyalty because they influence customers' attitudes and future behavioral intentions. Customer satisfaction contributes to loyalty by creating positive evaluations of previous experiences. Satisfied customers are more likely to return to the brand, maintain ongoing relationships, and recommend the brand to others. Numerous studies have confirmed that satisfaction positively influences both behavioral and attitudinal loyalty (Lemon & Verhoef, 2016). Similarly, customer trust strengthens loyalty by reducing uncertainty and increasing confidence in the brand. When customers perceive a brand as reliable, honest, and competent, they become more willing to commit to long-term relationships. Trust also encourages customers to overlook occasional service failures and remain loyal despite competitive alternatives (Morgan & Hunt, 1994). In luxury retail settings, satisfaction and trust are particularly important because customers often make substantial financial and emotional investments in luxury products. Personalized service experiences contribute to satisfaction and trust, which subsequently enhance brand loyalty. Therefore, understanding these relationships is essential for explaining how luxury boutiques such as Van Cleef & Arpels develop and maintain loyal customer bases.

2.6 Previous Studies

This section summarizes perusal of recent works that studied service quality, customer satisfaction, customer trust, and brand loyalty in both retail and luxury retail. The summary describes the principal conclusions of each study and recognizes a void that the present study will potentially fill.

Study 1: Rather et al. (2019)

Rather et al. (2019) studied the connection between customer satisfaction and brand trust, and customer brand loyalty in the hospitality industry. The authors developed a customer survey and found that both customer satisfaction and brand trust influenced customer

loyalty. The authors showed that trust was a significant mediator between customer experience and loyalty. The study found that organizations focused on the quality of service and customer satisfaction foster customer loyalty. Though the study focused on a hospitality service, its findings could be extended to luxury retail services because of the personalization of high-value customer service.

Study 2: Ali et al. (2021)

Ali et al. (2021) studied the role of service quality on customer loyalty in the context of premium retail. The authors developed a structured questionnaire and surveyed customers of high-end retail stores. The authors found that service quality positively affected customer satisfaction and trust, and both led to customer loyalty. The authors noted that personalized service interactions are essential to developing and sustaining long-term customer relationships, and that loyalty in the premium retail sector is built on emotional engagement and service excellence.

Study 3: Hwang and Lee (2022)

Hwang and Lee (2022) described the relationship between luxury customer experience and brand loyalty of luxury fashion customers. The quantitative study conducted cross-market surveys of luxury brand customers. They were able to express that brand loyalty was greatly impacted by personalized services, emotional experiences, and customer trust. They also noted that luxury service customers who viewed the experience positively were likely to recommend the brand and sustain purchase frequency in the long-term. This study also emphasized the need for personalized service within the luxury market.

Shahid et al. (2022)

This study examined the significance of sensory marketing and customer experience within luxury retail stores in the development of emotional attachment and brand loyalty. This study utilized structural equation modeling to assess the data of luxury consumers. They found that emotional attachment was positively impacted by customer experience, and in

turn, customer brand loyalty increased. They recommended that luxury stores aim at giving highly memorable and personalized experiences to strengthen customer and brand relationships. The research also further reinforced the importance of service quality in the luxury experience.

Marinao-Artigas et al. (2023)

This study approached trust as a multidimensional framework within the luxury retail market. Using survey data from luxury customers within multiple nations, this study found that the quality of service, the expertise of employees, and the quality of communication all enhanced customer trust. This study also found that trust positively impacted customer loyalty and willingness to purchase again. The study pointed out that especially within luxury markets that contain high perceived customer value and risk, trust is one of the most powerful determinants of customer loyalty.

Study 6: Kim and Sullivan (2023)

This research explored the origins of loyalty toward luxury brands in the jewelry and fashion industries. Specifically, the authors investigated the role of personalized customer care in shaping attitudes toward luxury brands. This study found that customers who received personalized care and professional advice reported increased satisfaction and loyalty. Kim and Sullivan (2023) demonstrated that luxury customers care about personalized service as much as the quality of goods, indicating that quality of service has become a primary competitive edge among luxury brands.

Study 7: Jain et al. (2024)

This study investigated the role of customer experience management on loyalty in luxury retail stores. Jain et al. (2024) surveyed customers of a number of international luxury brands, and found that service personalization improved customer satisfaction and trust. These two variables were shown to mediate the relationship between customer experience

and loyalty. The authors argued that luxury retailers should focus on the development of customer-centric strategies that engage and enhance the quality of emotional relationships.

Study 8: Choi and Kim (2024)

Choi and Kim (2024) investigated the role of the dimensions of service quality in luxury boutiques specifically, the dimensions of service quality of responsiveness, empathy, and professionalism in the development of customer loyalty. This study reported that the quality of personalized service demonstrated an improved satisfaction and trust, thus increasing loyalty. The findings reinforced the argument that, despite the important role of digital service channels, there is still a dominant role in luxury retail/service by human interaction.

Summary of Previous Studies:

The reviewed studies reinforced the argument that the quality of service is the primary driver of customer satisfaction, trust, and loyalty. Most studies show that tailoring service experiences to individuals enhances customer impressions of luxury brands and strengthens the bond with these brands. Additionally, customer satisfaction and customer trust are seen as key mediators in understanding how the quality of service impacts customer loyalty. Nevertheless, the volume of published work regarding luxury retailing and customer loyalty is uneven in terms of research about personal service quality in luxury jewelry boutiques. Also, little has been published in regard to prestigious jewelry brands like Van Cleef & Arpels, and most importantly, about the mediating elements of customer satisfaction and customer trust. With this in mind, the present research intends to fill this gap by providing an understanding of personal service quality in luxury jewelry retailing and how it relates to customer brand loyalty through the lenses of customer satisfaction and customer trust.

2.7 Research Gap and Conceptual Framework

2.7.1 Research Gap

The review of the existing literature demonstrates that considerable attention has been given to the concepts of service quality, customer satisfaction, customer trust, and brand loyalty across various service industries. Previous studies have consistently reported positive relationships between service quality and customer loyalty, emphasizing the importance of customer satisfaction and trust as critical determinants of long-term customer relationships (Rather et al., 2019; Marinao-Artigas et al., 2023). Despite these contributions, several gaps remain evident in the current body of knowledge. ***First***, most previous studies have focused on general retailing, hospitality, banking, or e-commerce environments, while relatively limited attention has been devoted to the luxury jewelry retail sector. Luxury jewelry purchasing differs substantially from conventional retail consumption because it involves higher emotional involvement, symbolic value, prestige considerations, and relationship-oriented purchasing behavior. Therefore, findings derived from general retail settings may not fully explain customer behavior within luxury jewelry boutiques. ***Second***, although luxury branding and luxury customer experience have received increasing scholarly attention, relatively few studies have specifically examined the role of personal service quality as a distinct construct. Existing research often focuses on broader customer experience dimensions, luxury brand image, or store atmosphere, while the direct contribution of personalized employee-customer interactions remains underexplored (Ko et al., 2019). ***Third***, limited empirical research has simultaneously examined the mediating roles of customer satisfaction and customer trust in explaining how personal service quality influences brand loyalty. While prior studies acknowledge the importance of satisfaction and trust, few have incorporated both variables within a single integrated framework, particularly in luxury retail environments. ***Fourth***, a contextual gap exists regarding luxury jewelry brands. The majority of previous studies have focused on luxury fashion brands, luxury hotels, or luxury cosmetics. Research specifically investigating internationally recognized luxury jewelry houses such as Van

Cleef & Arpels remains scarce. Consequently, there is insufficient understanding of how personalized boutique services contribute to customer loyalty within this unique luxury segment. Therefore, the present study seeks to address these gaps by examining the influence of personal service quality on brand loyalty among customers of Van Cleef & Arpels boutiques while investigating the mediating effects of customer satisfaction and customer trust.

2.7.2 Conceptual Framework

Based on the theoretical foundations and findings of previous studies, the present research proposes a conceptual framework that explains the relationships among the study variables. The framework identifies Personal Service Quality as the independent variable, Customer Satisfaction and Customer Trust as mediating variables, and Brand Loyalty as the dependent variable. The model proposes that customers who perceive higher levels of personalized service quality are more likely to experience satisfaction and develop trust in the brand. These positive perceptions subsequently enhance their loyalty toward the brand through increased commitment, repeat purchase intentions, and positive word-of-mouth behavior. The framework also assumes a direct relationship between personal service quality and brand loyalty, alongside indirect relationships mediated by customer satisfaction and customer trust. These relationships are supported by Service Quality Theory and Relationship Marketing Theory, both of which emphasize the importance of customer experiences in developing long-term customer relationships (Parasuraman et al., 1988; Morgan & Hunt, 1994).

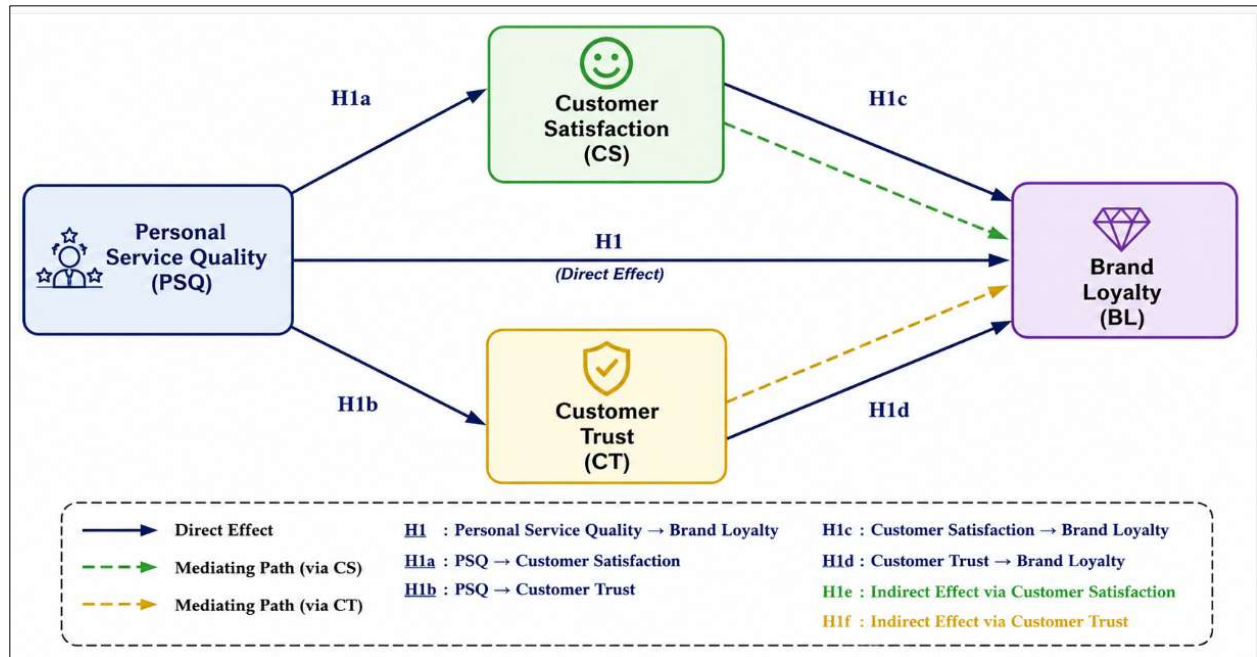


Figure 3 proposed conceptual framework

2.8 Chapter Summary

This chapter offers an extensive overview of literature pertaining to personal service quality and brand loyalty to luxury boutiques. First, we look at the luxury retail sector and the role of the luxury boutique where, amongst other placements, the customer's experience, the level of exclusivity, and the nature of personalized dealings shape the customer's perceptions and behaviors. The discussion illustrates how modern luxury consumers place greater importance on their personalized experiences and emotional involvement, as well as the quality of the product, and the prestige of the brand. The chapter then dealt with personal service quality and the primary dimensions of personal service quality: the quality of a service employee's individualized attention, professionalism, responsiveness, and empathy, as well as communication. Using the SERVQUAL model and modern luxury marketing, the review cited literature that regarded personal service quality as one of the key factors of customer experience and relationship building in luxury retail. The literature also endorsed the view that personalized service is one factor that allows luxury brands to differentiate themselves in the market and deepen customer

relationships. Moreover, the chapter dealt with customer satisfaction and customer trust as the core results of high-quality service. Previous research has shown that satisfied customers develop a good attitude toward the brand, whereas trust strengthens the customer's belief in the brand's trustworthiness, lack of deceit, and good workmanship. Both concepts were viewed as important factors of long-term customer relationships and loyalty. The review examined brand loyalty, detailing its behavioral and attitudinal aspects. The literature demonstrated that once a customer is loyal, he/she is more likely to purchase from the brand again, refer others to the brand, and maintain a long-term relationship with the brand. In luxury markets, brand loyalty is often a function of emotional attachment, trust, and tailored experiences, and less so from the benefits of a functional product.

The chapter also analyzed some of the latest empirical works that examined the interconnections of service quality, customer satisfaction, and customer trust and brand loyalty in retail and luxury markets. While the results generally recognized the interconnectedness of the constructs, the review noted extensive gaps in the existing studies. For example, the luxury jewelry market tends to have limited studies on the quality of interpersonal luxury services, and very few have examined the mediating roles of customer satisfaction and trust on the service quality of luxury jewelry and loyalty to the brand. Furthermore, the studies on luxury jewelry brands, such as Van Cleef & Arpels, are restricted. Given the gaps, the chapter proposed a conceptual model that asserted that the quality of personal services in luxury jewelry boutiques has a positive (and direct and/or indirect) effect on brand loyalty via the mediators of customer satisfaction and customer trust. The model offers a theoretical base to the study and aids the development of research propositions. The literature reviewed in this chapter, on the whole, indicates that personal service quality is one important strategic resource that luxury brands have at their disposal to build customer relationships and strengthen customer loyalty. The next chapter describes the research methodology that has been used in the study to test the proposed relationships and the study hypotheses in the context of Van Cleef & Arpels boutiques.

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