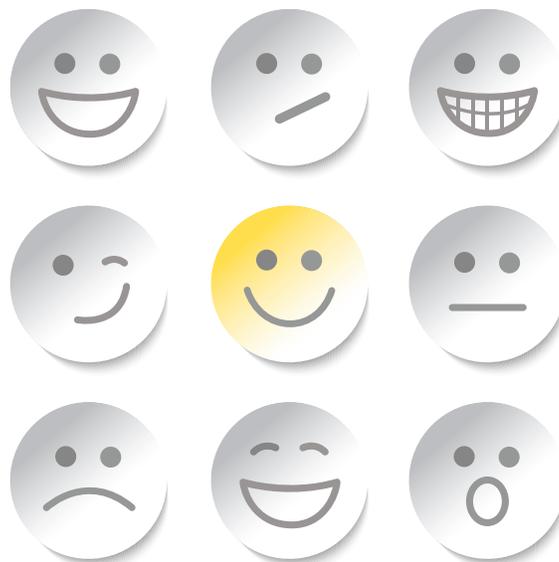# Emotional Connections in Retailing

Designing Consumer and Employee Emotional Experiences

Conference by the Jay H. Baker Retailing Center

May 22-23, 2013

Philadelphia, New York and King of Prussia

Prepared by Denise Dahlhoff

Jay H. Baker Retailing Center
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bakerretail.wharton.upenn.edu

This report is part of a series of conference summaries
by the Wharton School's Baker Retailing Center.

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Academic-Industry Dialog on Emotions' Key Role in Customer Experience

Emotions are a key part of all stages of the retailing experience, and retailers have to not only understand and predict customers' emotions, but also shape retail environments to cultivate desired emotions and eliminate undesired ones.

The conference summarized in this report is part of the Baker Retailing Center's think tank mission to spark a dialog on important and timely retail questions. It explored some of the latest thinking and work on emotion in retailing by leading academics and retail executives, both in marketing and organizational behavior. In addition to academic and corporate presentations, the program featured store visits to provide a first-hand view of exemplary industry practice in customer experience and emotional connection.

We hope that the insights in this report will be useful for a wide audience of academics and retail executives in a variety of corporate functions, including customer experience, merchandising, marketing, brand strategy, store design and operations, and organizational development.

We would like to thank everybody who contributed to the success of the conference, including the presenters, hosts of store visits, and other participants, as well as the Baker Center board members that connected us with speakers, store hosts and other participants. ■

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Patty and Jay H. Baker
Professor, Professor of Marketing

Patti Williams
Conference Co-Chair
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Speakers, Hosts of Store Visits, and Moderators

Hillary Anger Elfenbein, Professor of Organizational Behavior, University of Washington at St. Louis

Sigal Barsade, Joseph Frank Bernstein Professor of Management, Wharton School, University of Pennsylvania

Fran Boller, Executive Vice President Nike, Haddad Brands

Lisa Cavanaugh, Assistant Professor of Marketing, Marshall School of Business at University of Southern California

Yochi Cohen-Charash, Associate Professor of Psychology, Baruch College; Graduate Center, CUNY

Denise Dahlhoff, Research Director, Baker Retailing Center, Wharton School, University of Pennsylvania

Amir Erez, Huber Hurst Professor, Professor of Management, University of Florida

Jean Hermsen, Bearitory Leader - Philadelphia, Build-A-Bear Workshop

Gale Jarvis, President, Madame Alexander Doll Company

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Jeffrey Koziel, Vice President of Operations and Community Management, Walgreens

Dorrie Krueger, Managing Director for Strategic Planning and Analysis, Build-A-Bear Workshop

Andrew Knight, Assistant Professor of Organizational Behavior, University of Washington at St. Louis

Lynn LaRocca, Former Senior Vice President, Marketing, Modell's Sporting Goods

Leonard Lee, Associate Professor of Marketing, Columbia University

Mary Frances Luce, Robert A. Ingram Professor, Professor of Marketing, Fuqua School at Duke University

Anne Martin-Vachon, Chief Merchandising Officer, HSN

Peter McGraw, Associate Professor of Marketing and Psychology, University of Colorado Boulder

Wayne Meichner, Former President and Chief Operating Officer, Ralph Lauren Retail Group, Ralph Lauren Corporation

Shimul Melwani, Assistant Professor of Organizational Behavior, Kenan-Flagler Business School, University of North Carolina

Mitchell Modell, Chief Executive Officer, Modell's Sporting Goods

Cassie Mogilner, Assistant Professor of Marketing, Wharton School, University of Pennsylvania

Andrea Morales, J. Willard & Alice S. Marriott Foundation Professor of Marketing and Services Leadership, W. P. Carey School of Business, Arizona State University

Mark Oliver, Senior Vice President, Human Resources, Modell's Sporting Goods

Olivia (Mandy) O'Neill, Assistant Professor of Management, George Mason University

Anat Rafaeli, Harry Levensfeld Chaired Professor of Industrial Engineering, Technion – Israel Institute of Technology

Lindsay Rice, Vice President, Direct to Consumer, The North Face

Nancy Rothbard, David Pottruck Professor of Management, Wharton School, University of Pennsylvania

Gwyn Wiadro, Vice President, Women's, Youth, and Accessories, Under Armour

Patti Williams, Ira A. Lipman Associate Professor of Marketing, Wharton School, University of Pennsylvania

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"Positive Emotions in Marketing" panel (Patti Williams, Leonard Lee, Peter McGraw, Lisa Cavanaugh, Cassie Mogilner)

Emotion in Retail Marketing

Customer Emotion in Retail Setting

- **In-store music and temperature.** Music can make shoppers pay more attention to their own preferences and attitudes and less to product attributes such as price. Physical warmth can increase willingness-to-pay for a product by activating a sense of emotional warmth.

- **Emotional cross-effects on a shopping list.** A mix of products on shopping lists can create "emotional cross-contamination" and affect shoppers' shopping behavior. Items that induce disgust (cat litter, tampons) or sadness (sympathy card) can affect the search effort, shopping time, and prices paid for other items.

- **Effects of sadness and anger.** Sadness causes consumers to process individual alternatives more extensively and analytically and reduces their likelihood to explore a range of options. Anger makes consumers evaluate alternatives in an efficient lexicographic way by focusing on select attributes.

Positive Emotion in Marketing

- **Benefit of humor.** Humor makes experiences more enjoyable and eases social interaction. Retailers can educate their staff members on how humor works and encourage humor in interactions with customers. Suggestions for well-tested jokes can help mitigate the risk of offending customers.

- **Happy togetherness in promotional messages can backfire.** Counterintuitively, images of groups of happy people such as romantic couples, friends, or families can reduce shoppers' indulgence if they are reminders of relationships that people currently don't have. A reason could be that people feel less deserving.

- **Catering to consumers' pursuit of happiness.** With increasing age, which puts more focus on the presence vs. the future, people tend to experience a calmer kind of happiness (relaxed, serene) as opposed to an excited kind (higher energy, fun, passion). With appropriate messages, marketers can shift people's temporal focus and thus their happiness with calming vs. exciting options.

Managing Emotions to Optimize Team and Customer Interactions

Emotions and Behaviors on Teams

• **Healthy joking culture.** Joking breaks up boredom and promotes a group's social cohesiveness. Someone's centrality in an organization's joking culture as a joke teller, listener or target of jokes predicts better future work performance.

• **Energy transmits on cohesive teams.** Physical energy plays an important role in group dynamics and team performance. It influences people's creativity and response to diverse others. Energy is contagious, not just within a team but it also spills over to external people such as customers.

• **Manage envy to not hurt performance.** Envy is caused by a comparison with a similar other and can be triggered by a pay raise, promotion, office space, attention, or other rewards. Separating an envious employee from the envied one (e.g., offices on different floors) can promote constructive behavior (e.g., work harder) as opposed to less constructive behavior such as hiding information or spreading rumors to reduce the perceived gap.

• **Gossip is often harmful but can create team spirit.** Gossip is mostly perceived as negative but it can be a useful information exchange and foster group solidarity and bonding. Gossip about team members has been found to negatively impact team members' feelings about the team and team cooperation while gossip about external people had a positive effect on both.

Employee-Customer Interactions

• **Employees' start-of-the-day mood impacts customer interaction.** Start-of-workday mood affects employees' perceptions of customers, their emotional reactions and ultimately their performance and productivity. Therefore, fostering a positive start-of-workday mood with customer-facing employees can be beneficial.

• **Manage customer hostility to prevent errors and emotional exhaustion.** Customer hostility can have detrimental effects on employees. Dealing with angry customers can cause significantly more errors after hostility incidents and higher emotional exhaustion. Customer hostility can spread and create a vicious cycle.

> Someone's centrality in an organization's joking culture as a joke teller, listener or target of jokes predicts better future work performance.

• **Rudeness causes impaired cognitive function and other negative effects.** Crude or disrespectful behavior or language can have a host of negative effects on the person on the receiving end: negative emotions, less creativity, lower cognitive performance, a more aggressive mindset, slower decision making, and more errors. Rude behavior by one person on a team can create a toxic environment.

• **Non-verbal communication skills to better connect with customers.** Non-verbal communication can provide valuable information such as subtle indications of preferences and intentions. Training employees on non-verbal cues and matching them as best as possible with roles, situations and customers can be beneficial. ■

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Creating Emotional Experiences in Stores and Online

- **HSN** has refined shopping as entertainment, an experience infused with fun, interactive elements, and engaging product videos, among other things. HSN varies the emotional connection with its customers by product category.

- For **The North Face**, brand building involves creating a positive connection with both customers and its associates. It leverages both its stores and digital channels and creates a personalized experience. It offers its staff free equipment rentals and athlete-led trips and encourages community service.

- Emotional appeal is a core element of the **Under Armour** brand. Brand videos, taglines, and ads are designed to connect with athletes of all types as well as wholesale buyers. Messages center on themes such as passion, challenge, humor, accomplishment, and strength.

- At the **Madame Alexander Doll Company**, customer emotion and engagement start with the product. The assortment includes dolls that reflect pop culture themes, and there is a vintage collection. There are passionate adult collectors that give feedback and actively participate in collector clubs.

- At **Build-A-Bear**, the customer experience is front and center. Build-A-Bear transports customers, both children and adults, into a world of play and fun. The bear building is an immersive, playful experience, which was recently revamped to feature more digital and interactive elements.

- **Duane Reade**, owned by the Walgreen Company, reinvented not only itself but the traditional drugstore model. It took a customer-centric approach, localized the assortment and added new beauty, healthcare, and convenience offerings. The concept is all about differentiation and customer experience.

Build-A-Bear creates an immersive in-store experience–
a world of play and fun

- **Haddad Brands**, a licensor of Nike, Jordan, Converse, Levi's and other brands for children's apparel, is an extension of the licensed brands. Each showroom, merchandised every season by an in-house visual designer, is an immersive brand experience to tell retail buyers each brand's story through displays, videos, music, and even scents and brand-specific cocktails.

- **Modell's Sporting Goods** is a chain of sports stores on the East Coast. Each store has its own distinct personality because of localized features. Much like in sports, the company culture features passion, inclusion, support, and compassion.

- The **Ralph Lauren** Mansion at Madison Avenue is a showcase of the various labels in the Ralph Lauren brand portfolio. It conveys each label's distinct personality and lifestyle. To provide an authentic brand experience, new associates participate in a three-month-long onboarding process. ∎

For additional information about the conference and presentations, please visit the conference website: http://www.wharton.upenn.edu/bakerretail/research-and-publications/1142.cfm.

From left to right: Shimul Melwani (University of North Carolina at Chapel Hill), Mandy O'Neill (George Mason University), Amir Erez (University of Florida), Yochi Cohen-Charasch (Baruch College)

Lisa Cavanaugh (University of Southern California) explaining how reminders of happy togetherness in ads and stores, for example, can make consumers indulge less

Leonard Lee (Columbia University) on the impact of music and temperature on consumer behavior

Fran Boller hosting a visit of the Haddad Brands showrooms

Wayne Meichner giving a tour of the Ralph Lauren Mansion

Jean Hermsen (Build-A-Bear)

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Understanding and Leveraging Emotions in Retailing

Emotions are an integral part of customers' retailing experience, and retailers are increasingly interested in managing all consumer touch points, including stores and sales associates, to deliver brand-consistent experiences.

To do that, retailers need to understand consumers' emotions—their disposition as well as the emotions triggered in the shopping process—and how those emotions affect shoppers' behavior. They also need to recognize the impact of the emotional aspects of employee-customer interactions, employees' emotions, and the emotional culture of staff teams given that the customer-facing staff members are a crucial part of the customer experience delivery. These insights will ultimately help retailers to achieve sales and branding goals by optimizing their marketing, employee management and training, and thus customer experience.

This conference summary is organized into three sections. The first focuses on the insights from the research by the presenting marketing professors. It addresses two related topic areas: customer emotion in the retail environment and use of positive emotion (humor, happy togetherness, happiness) in marketing strategies. The second part covers managerial aspects of emotions in retailing, which is based on research that the organizational behavior faculty shared on emotions and behaviors on teams and employee-customer interaction. The third part illustrates industry practice based on insights from the corporate presentations and store visits.

1. Considering Customer Emotion in Retail Marketing Strategies

Customer emotion in the retail environment

In-store music and temperature

Retail environments are sensory, and they create emotional and cognitive reactions in shoppers through sight, touch, smell, sound, and taste. Consumer psychologists and retailers are increasingly studying the impact of sensory features on consumer behavior. Research by Leonard Lee (Columbia University) shows that music and temperature can influence shopper decision-making. Music activates moods and emotions. It makes people pay more attention to themselves, specifically to their preferences and attitudes, and less to

> Music activates moods and emotions. It makes people pay more attention to themselves, specifically to their preferences and attitudes, and less to product attributes such as price.

product attributes such as price. Physical warmth can increase sales and willingness-to-pay by activating the concept of emotional warmth, which in turn generates positive feelings and induces consumers to place a higher value on a given product. A study found that the propensity to buy on a popular Israeli shopping portal was higher with higher daily outside temperatures.

Emotional cross-effects of items on a shopping list

The combination of items that a customer sets out to buy can impact purchasing behavior of individual items because of "emotional contamination" effects. Research by Andrea Morales (Arizona State University) shows that buying items that induce disgust (e.g., cat litter, tampons) or sadness (e.g., donation for cancer charity) can affect the degree of search, shopping time, and ultimately the prices paid for unrelated items. Prior research suggests that shopping for gastrointestinal medicine would lower a shopper's willingness-to-pay for other items since the "tainted" product contaminates the perception of other items. Similarly, prior work also suggests that shopping for a sadness-inducing product such as a sympathy card would increase a shopper's willingness-to-pay for other items because of the "retail therapy effect," whereby shopping creates positive feelings.

By examining the critical role that search plays in the shopping process, the current work shows that emotions not only impact consumers' willingness-to- pay, but can also impact the prices that consumers actually pay when shopping in a

store. Importantly, because emotions influence search, prices paid behave counter to the willingness-to-pay predictions. Specifically, prices paid for other items are higher when shopping for a disgust-inducing product and lower when shopping for a sadness-inducing product. This is because the felt emotions influence the time spent searching for items (shorter for disgust-inducing and longer for sadness-inducing items), which impacts the likelihood to discover lower-priced options.

Cassie Mogilner (Wharton School)

Peter McGraw (University of Colorado Boulder)

Consumer decisions in states of sadness and anger

Findings by Mary Frances Luce (Duke University) about consumers' decision processing add to the insights above about consumer behavior in a state of sadness. Studies show that sadness induces more extensive, systematic, and analytical processing of individual alternatives while it reduces people's propensity to explore a range of different alternatives. States of anger make people evaluate alternatives—even if they are more dispersed—in an efficient lexicographic way, i.e. by evaluating the different alternatives using select attributes.

Positive emotion in marketing

Add humor

Humor makes experiences more enjoyable, smoothes social interaction and eases uncomfortable situations, according to Peter McGraw (Director of the Humor Research Lab at the University of Colorado Boulder). Humor in retail settings benefits both employees and customers. For some companies such as Zappos and Southwest Airlines, a good sense of humor is an important selection criterion for new hires. Companies that want to infuse humor into their culture can educate employees on how humor works and encourage them to apply this important skill to their work interactions. Because being funny comes with the risk of failing and offending others, a less risky option for companies is to provide employees well-tested jokes for common customer interactions.

Happy togetherness in ads can backfire

Many ads, in-store displays, and other marketing messages feature images of happy people together, such as friends, families, or romantic couples. Marketers often presume that portraying togetherness helps promote brands and motivate purchases by generating positive emotions and aspirations in consumers. However, reminding consumers of these relationships can reduce shoppers' indulgence, as a series of experiments by Lisa Cavanaugh (University of Southern California) found. The studies show that if people are exposed to messages and environments that feature reminders about relationships—romantic or platonic—that they currently don't have or no longer have, their consumption is less indulgent. These findings are counter to the notion that people consume more to help them feel better. An explanation for this behavior is that people do not feel deserving of indulgence if they lack the type of relationship featured in a marketing message.

Catering to consumers' pursuit of happiness

While marketers want to help consumers increase their happiness through their consumption decisions, this is complicated, because happiness means different things to different people. Cassie Mogilner (Wharton School) identified two types of happiness: excited happiness, which is higher energy and associated with words such as fun, laughter, and passion, and peaceful happiness, which is calmer and associated with words such as relaxed, serene, and balanced. The type of happiness that people experience influences their preferences and consumption decisions, and it generally

Joakim Wijkstrom (Perry Ellis International), Shimul Melwani (University of North Carolina), and Mary Frances Luce (Duke University)

depends on people's age. Whereas calm happiness increases with age, excited happiness decreases with age. Given that age correlates with people's temporal focus on the present (when older) vs. the future (when younger), marketers can use messaging to shift consumers' focus to the present or future, and consequently influence whether they feel greater happiness from calming vs. exciting options, respectively.

2. Managing Emotions to Optimize Team and Customer Interactions

This section highlights academic research on two managerial topics: emotions and behaviors on teams and employee-customer interactions.

Emotions and behaviors on teams

Healthy joking culture signals well-performing individuals and teams

Joking in the workplace is part of the organizational culture and can have beneficial effects. It breaks up boredom and promotes a group's social cohesiveness. In fact, joking has been shown to capture social cohesiveness better than social network or psychological analyses.

A study by Mandy O'Neill (George Mason University) found an association of participating in an organization's joking culture as a joke teller, listener or target of jokes and better future work performance. This effect is distinct from potential other performance predictors such as previous performance, status, popularity, demographics, positivity, and closeness of social/professional ties. Thus, someone's centrality in the joking culture seems to correlate with performance.

Colleagues that joked together were more similar than other colleagues, and joking teams performed better than serious teams. Strong joking cultures even enhanced the performance of initially poorly performing employees.

Energy transmits on cohesive teams

Physical energy or more generally activation of the nervous system when life gets exciting or alarming plays an important role in group dynamics. Among other things, energy influences people's creativity and response to diverse others. It impacts a group's performance through a complex system of energy patterns flowing from the individual to the group and back.

A study by Andrew Knight (Washington University in St. Louis) on the energy patterns of entrepreneurial groups showed that team members' energy is contagious. According to surveys of the team members and an electrodermal measurement device, their energy patterns were largely in sync. Teams that were more cohesive showed greater contagion and had higher energy levels. A group's energy pattern can also spill over to people outside the team such as customers. This insight could be valuable input for retailers' training

Walter Loeb (Loeb Associates Inc.)

Shimul Melwani   Amir Erez   Yochi Cohen-Charash   Andrew Knight

programs since a sales team's energy can affect customers and thus team performance.

Manage envy to not hurt performance

Envy is a painful emotion triggered by a comparison with a similar other who has something the envious person wants but does not have. Envy motivates the person to reduce this gap so as to relieve the pain. According to Yochi Cohen-Charash (Baruch College; Graduate Center, CUNY), envy is prevalent in workplaces. It can be triggered by any work-related occurrence and reward that is relevant for the employee's sense of self —tangible (pay raise, promotion, office space) and intangible (praise, recognition, attention). Envy can cause anxiety, depression, negative mood, unethical behavior, and hostile behavior against the person triggering the envy (e.g., sabotaging their work, hurting their reputation, spreading rumors and gossip, hiding information, creating a negative working relationship), and thus harm an organization. Envy can also motivate constructive behavior such as working harder to reduce the gap with envied colleagues.

Envy can also motivate constructive behavior such as working harder to reduce the gap with envied colleagues.

Cohen-Charash and Larson examined if physical proximity between the envious and the envied can influence reactions to envy. They found more constructive reactions (persistently working on a difficult task) with physical distance, and less constructive reactions with physical proximity. According to the researchers' explanations, physical distance allows individuals to focus less on their relative inferiority to the other and more on achieving their desired state.

Thus, ways for organizations to manage envy include separating envious employees physically, for example by giving them offices on different floors or assigning them to different stores, and rethinking employee recognitions (e.g., employee of the month) if they cause too much envy among associates.

Gossip is often harmful but can create team spirit

Gossip is a common part of social interaction, including in the workplace. It has three characteristics: The target isn't present; it involves a positive or negative judgment, often based on a comparison between the gossiper and target; and the information is outside of the task at hand. Gossip is mostly perceived as negative (self-serving, waste of time, harming reputations, aggression against others). The positive view is that gossip is a useful information exchange, can shape and communicate group norms, fosters group solidarity, and provides entertainment.

Research by Shimul Melwani (University of North Carolina at Chapel Hill) found that gossip creates both positive (e.g., social interaction, entertainment) and negative emotions (guilt because of violating moral standards and harming others). Negative gossip, which often entails downward comparisons, makes the gossiper feel better about themselves. It can have positive effects though: bonding between the

gossipers since the confidential conversation requires trust, validation of the gossipers' norms and beliefs, and greater cooperation and agreement. Positive gossip, on the other hand, can make the gossiper feel inferior and insecure because of the comparison to higher standards, and since trust isn't necessary there is less relationship building involved.

Gossip about team members was found to have a negative effect on how team members feel about the team and on team cooperation while gossip about people outside the team showed a positive effect on both. Given these effects of gossip, managers should give thought to how to manage it.

Employee-customer interactions

Employees' start-of-the-day mood impacts customer interaction

When employees show up at work, a host of factors can affect their emotional state, including family mood at home, commute, little sleep, and physical illness. How does employees' mood at the start of the workday and emotions resulting from customer interactions during the day impact their performance?

A study by Nancy Rothbard (Wharton School) at a call center showed that employees' start-of-day mood affects their perceptions of customers, their emotional reactions, and ultimately the quality of their performance and productivity.

Anat Rafaeli (Technion–Israel Institute of Technology)

Considering the findings, retailers whose employees have a lot of direct customer contact should consider trying to foster a positive start-of-workday mood.

Manage customer hostility to prevent errors and emotional exhaustion

Customer hostility can be a common feature of customer service representatives' jobs. It can show more (glaring at an employee, blocking their way) or less overtly (drumming fingers, sarcastic comments). According to Anat Rafaeli (Technion – Israel Institute of Technology), research has shown that customer hostility can have significant detrimental effects on

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Employees dealing with angry customers made significantly more errors after hostility incidents and their emotional exhaustion was higher.

Employee positive mood improved the quality of customer service whereas employee negative mood decreased productivity (as employees needed to take more breaks to recover). Other factors that influenced performance were interactions with customers and the emotions they bring to the interaction—from anger to fear to pleasantness. Interestingly, employees who came to the office in a very negative mood dealt better with very negative compared to only slightly negative customers—maybe because they recognized that others are even worse off. Employees with a mildly negative start-of-day mood reacted more negatively the gloomier the customers they interacted with.

employees. An experiment showed that employees dealing with angry customers made significantly more errors after hostility incidents and their emotional exhaustion was higher.

Customer hostility can spread among customers and between customers and employees—a vicious circle that can lead to a constant hostile undertone affecting employees and organizations. Sometimes employees become so used to low-level hostile behavior that they only notice bigger incidents.

To protect employees from customer hostility and cut the vicious cycle, companies can give customers explanations and

Participants discussing in small groups during a break

preferences, intentions, and likely behaviors. However, the signaling and reading process might create misunderstandings, according to Hillary Anger Elfenbein (Washington University in St. Louis).

The ability to read emotions is particularly helpful in a service environment with a lot of human interaction. For retailers it can make a big difference to train salespeople to pay attention to customers' subtle emotional cues, for example by offering improv classes. Other ways to optimize the team member-customer interaction are assigning team members to roles and situations where their emotional expression and self-control skills can help prevent the leaking of information, for example, and to match associates with customers as best as possible to help them to better connect.

share updates in situations that might cause customers to get upset, for example when customers have to wait.

Rudeness causes impaired cognitive function and other negative effects

Rudeness manifests as crude or impolite behavior, language, or disrespectful treatment. According to research by Amir Erez (University of Florida), people that have been treated rudely experience negative emotions after the incident, are less creative, have lower cognitive performance, are less helpful to others, and have a more aggressive mindset.

Rude experiences affect working memory, causing slower decision making and physical movement, as well as more errors. On teams, rude behavior by one person can create a toxic environment. It can decrease team members' satisfaction with the team and team performance and increase social loafing and team conflict. Rudeness can spread through the group: The more time the group spends together, the ruder team members' behavior becomes.

Organizations should consider how rudeness affects decision making, whether people adapt to a rude culture, and how managers can stop workplace rudeness.

Non-verbal communication skills to better connect with customers

Non-verbal communication can provide valuable information in retail settings, such as subtle indications of customer

3. How Retailers Create Emotional Experiences in Stores and Online

This final section highlights a range of approaches that retailers use to create emotional experiences in their stores and online.

Make shopping fun and entertaining

Anne Martin-Vachon, Chief Merchandising Officer for HSN, shared how HSN has redefined shopping as entertainment— an experience infused with fun, interactive elements, and engaging product videos, among other things. Targeting an audience that is primarily female, ethnically diverse and skews more affluent, **HSN** uses an omni-channel approach that features TV, online, mobile, and social media channels. HSN's multi-media campaign helped sell 60,000 units of Mary J. Blige's "My Life" fragrance within a mere six hours after launch.

HSN makes an emotional connection with its customers in different ways. For example, when a customer buys apparel at HSN they focus on comfort, clothing that makes them feel beautiful and finding the right piece that personifies the way she views herself. Jewelry customers in particular want to have fun. They focus on the uniqueness of the piece and the element of discovery. They prefer pieces that are empowering and want to control their own destiny.

Stores and associates for an authentic brand experience

For the **North Face**, brand building involves creating a positive connection with both customers and its associates, as Lindsay Rice, Vice President, Direct to Consumer, The North Face, explained. To engage consumers, The North Face leverages both its stores and digital channels and offers a personalized experience. The stores carry merchandise from the brand's key categories: outdoor, action sports, performance, and youth. The in-store fixtures are made of granite, steel, rough wood, stone, climbing rope, and sleeping bag fabric which reinforce the brand's personality. Digital in-store features such as HDTV and music, lighting, and community areas create a unique shopping experience.

The marketing, which includes apps and digital content such as videos, product reviews, and information on outdoor activities, merchandise, and sustainability, is all about creating a connection. The messaging highlights the quality and functionality of the merchandise, which is designed to solve real needs: keep warm and dry, athlete-tested, and expedition-proven.

Since associates are invaluable promoters, The North Face offers its staff free equipment rentals and athlete-led trips and encourages community service. It uses social media for recruiting and trains team members on products via iPads.

The power of emotional messaging

Emotional appeal is a core element of the **Under Armour** brand. Gwyn Wiadro, Vice President at Under Armour for Women's, Youth, and Accessories, shared brand videos, taglines, and ads designed to connect with athletes of all types as well as wholesale buyers. They center on themes such as passion, challenge, humor, accomplishment, strength, and identification. Taglines communicate the brand's emotional charge: "Designed for beauty. Engineered for greatness." (women's apparel); "We probably shouldn't let you run this fast" (running shoe); "For

Corporate panelists (from left to right): Anne Martin-Vachon (HSN), Lindsay Rice (The North Face), Gwyn Wiadro (Under Armour), and Gale Jarvis (Madame Alexander Doll Company)

the most important job interview of your life" (football draft); "the real deal."

Emotion is also the core of Under Armour's company culture and self-identify as the underdog with a fighting spirit and a mission "to empower athletes everywhere" and "make all athletes better through passion, design, and the relentless pursuit of innovation." Beneath the healthy confidence, there is a humble spirit though.

Merchandise that triggers emotional responses

At the Madame Alexander Doll Company, customer emotion, experience, and engagement start with the product. The company markets its dolls under the company's iconic brand name and also produces lines for major retailers, as Gale Jarvis, President of The Madame Alexander Doll Company, explained. Some lines of dolls reflect historical developments and pop culture such as the Desperate

Emotional appeal is a core element of the Under Armour brand.

Housewives dolls and the Dairy Queen Blizzard doll. The vintage dolls collection features a Pan Am Stewardess designed with meticulous attention to detail in the shoes, hat, purse, make-up, and stockings to reflect the fashion of the time. There are other "aww"-evoking dolls such as Too Cute in Boots, Dressed Like Mommy, Running Away to Grandma's, Varsity Girl, and international collection dolls such as a Swiss doll wearing a ski outfit.

Given the emotional appeal of the dolls, it's no surprise that there are passionate adult collectors that give feedback and actively participate in collectors' clubs. Providing a special customer experience, the Madame Alexander Doll Factory, exclusive to retail partner FAO Schwarz, the oldest toy store in the U.S., lets shoppers customize dolls by picking a doll, hairstyle, and outfit.

Create a world of fun and play

At **Build-A-Bear,** the customer experience is front and center, and the store concept and staff strategy revolve around it. When customers—children and adults—enter the store, Build-A-Bear transports them into a world of play and fun. It also wants to set children up for a positive life-long retail experience, as Dorrie Krueger, Managing Director for Strategic Planning and Analysis, and Jean Hermsen, the Philly Bearitory Leader, shared.

The bear building is an immersive, playful experience involving the different senses—touching the bear, adding a voice, etc. Games with the bear create a memorable experience, also for adult shoppers. When Build-A-Bear recently revamped its in-store design and experience, it sought input from a retail consulting company and a group of loyal young customers, the "cub advisers." Many of the new in-store features are tech-based to reflect children's way of play today (e.g., an interactive, digital bathtub, audio station to record sound bites for the bear). The store is designed to also cater to children that can't read or have other special needs.

Sales associates play a crucial role in delivering the Build-A-Bear experience. They are

entertainers, facilitators, and sometimes a shoulder to cry on, which is why associates are carefully selected and trained.

Reinventing a retail brand and traditional business model

New York City-based drugstore **Duane Reade**, owned by the Walgreen Company, recently reinvented not only itself but the traditional drugstore model. According to Jeffrey Koziel, Vice President of Operations and Community Management at Walgreens, it took a customer-centric focus, localized the assortment and added new beauty, healthcare, and convenience offerings. The concept is all about differentiation and customer experience. The beautifully restored Wall Street flagship is in a historic building, formerly a bank owned by the Rockefeller family (the in-store nail salon is where David Rockefeller's office used to be), and features a sushi and smoothie bar, as well as haircuts, blowouts and manicures.

Duane Reade upgraded its signature healthcare section, leveraging Walgreens' pharmacy expertise. Central to the store is the pharmacy, where the pharmacist is made accessible to provide more counseling and services to patients by working in front of the pharmacy counter to foster pharmacist-patient relationships. New in-store technology includes an electronic display with prescription status updates, text alerts for prescription pick-ups, kiosks for refill orders, and iPads for associates to assist customers.

Conference speakers learning about Build-A-Bear's approach to customer experience

The beauty section features European brands, such as Britain's leading skincare brand, No7, created by Boots, a virtual makeover kiosk, and spa services at accessible prices to bring customers to the store, making it compete with other beauty retailers. Walgreens now has flagship stores in several major U.S. cities and has received a great customer and press response.

Showrooms to tell retail buyers the brand story

Haddad Brands, a licensor of Nike, Jordan, Converse, Hurley, Nike SB and Levi's for children's apparel, is an extension of the licensed brands. Fran Boller, Executive Vice President Nike at Haddad, explained that the company works closely with the licensor teams on the kids designs, using the seasonal point of view of the adult lines as inspiration when adapting the story to kids apparel (only a fraction are "mini-me" adaptions), and coordinates the ad campaigns.

Revamped beauty section in Duane Reade's Wall Street flagship store

An in-house visual designer merchandises Haddad's showrooms every season to tell retail buyers each brand's story through displays, videos, music, colors, and even scents and brand-specific cocktails. Each showroom is an immersive brand experience. Authentic brand artifacts such as a Levi's waist tag under a table's glass top or reclaimed bleacher wood from old school benches in the Converse showroom, with the iconic canvas "chucks" hanging from the ceiling, make up the displays. There is a Michael Jordan cut-out of his "wing span" in the Jordan showroom.

> Brands are clearly more than products with functional benefits. Sports shoe collectors, or "sneaker heads," buy two pairs of each model: one to wear and one to collect.

Brands are clearly more than products with functional benefits. Sports shoe collectors, or "sneaker heads," buy two pairs of each model: one to wear and one to collect. Interestingly, "Jordans" are popular with children that have never seen Michael Jordan play during his active years in professional basketball because of his legendary status.

Localization and a strong company culture for differentiation

Founded 125 years ago, **Modell's Sporting Goods** is a family-owned, New York-based chain of sports stores on the East Coast. CEO Mitchell Modell, along with two of his senior executives, explained how the company caters to the local market, including passionate fans of local sports teams. Modell's carries local teams' jerseys, displays upcoming games, and maintains a scoreboard (bulletin board) with local teams' highlights and results, allowing the community to connect with each store. Each store has its own distinct personality because of localized features like this.

The Modell's culture is unique and largely inspired by CEO Mitchell Modell. Much like in sports, there is passion, inclusion, support, and compassion. Each day starts with a store team huddle, a recap of the previous day's sales results, and the reading of the letter of the day, an inspirational motto that determines the core value for the day (e.g.,

Modell's Sporting Goods CEO Mitchell Modell talking about the company's strategy and culture

"P" for Passion and "N" for Needs of the customer). Every core value letter contains a real life example of that letter in action through the eyes of a Modell's associate. It is also e-mailed to all associates within the company.

Modell's selects new hires carefully to find the right fit, and it tries to actively engage its associates since they are an integral part of the customer experience. The turnover rate is relatively low, and some associates that left the company have come back. The management style is hands-on. For example, CEO Mitchell Modell visits stores regularly for a

business update, and there is a 48-hour policy to get issues resolved quickly before associates contact the next management level.

Stores and well-trained associates for a full brand immersion

Formerly a private residence, the **Ralph Lauren** Mansion at Madison Avenue is a beautiful showcase of the various labels in the Ralph Lauren brand portfolio. The different brands are housed under one roof, yet convey each label's distinct brand personality and lifestyle. Some product categories such as watches, furniture, and bedding are licensed to partners that manufacture them.

The Mansion's home environment is redesigned every six months to reflect the latest collection, according to Wayne Meichner, former President & COO of the Ralph Lauren Retail Group. It's just one example of the amount of effort and attention to detail that goes into showcasing the Ralph Lauren lifestyle. Ralph Lauren himself is very involved in the overall process.

New associates participate in a three-month-long onboarding process to learn all the nuances of the Ralph Lauren world of brands to be able to provide an authentic brand experience to customers. Dressed in Ralph Lauren uniforms, associates greet customers at the door to make them feel welcome. To engage customers more, the Mansion has hosted special events such as a runway show for top retail and wholesale clients. ■

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About the Jay H. Baker Retailing Center

The Jay H. Baker Retailing Center is an interdisciplinary research center at the Wharton School that was established by Patty and Jay Baker, a Wharton 1956 undergraduate alumnus and the former President of Kohl's Corp. The center's mission is to be the global leader in retail knowledge and education through cutting-edge academic research, student and alumni activities, academic- industry programs, and global initiatives. Working with faculty, senior-level industry partners, students, and alumni, the Baker Retailing Center is one of the world's premier retailing centers. For more information, please visit the Baker Retailing Center's website (www.wharton.upenn.edu/bakerretail).

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