



## The role of salesperson communication in luxury selling

Sascha Alavi<sup>a</sup>, Bruno Kocher<sup>b</sup>, Sabrina Dörfer<sup>c</sup> and Johannes Habel<sup>d</sup>

<sup>a</sup>Sales Management Department, University of Bochum, Universitätsstraße 150, Bochum, 44780, Germany; <sup>b</sup>Faculty of Economics and Business, Professor of Marketing, University of Neuchâtel, A.-L. Breguet 2, Neuchâtel, 2000, Switzerland; <sup>c</sup>Sales Management Department, University of Bochum, Universitätsstraße 150, Bochum, 44780, Germany; <sup>d</sup>Marketing, University of Houston, C.T. Bauer College of Business, 4750 Calhoun Road, Houston, 77204-6021, TX, USA

### ABSTRACT

This research note provides first insight into the question how salespeople should promote products that customers perceive as luxurious. The authors draw on the well-established finding of prior literature that purchasing luxurious products tends to make customers feel guilty. The authors theorize that *informative* salesperson communication (i.e., conveying facts about a product) is more effective than *emotional* salesperson communication (i.e., aiming to arouse positive affect), thereby leading to more favorable product evaluations and purchase intention. Furthermore, the advantageousness of informative salesperson communication for products perceived as luxurious is theorized to be particularly pronounced if these products serve hedonic functions and have relatively high price levels. Two studies, one field study and one scenario experiment, provide evidence supporting these predictions. Thereby, this research note aims to stimulate further research on successful personal selling in luxury contexts.

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With a total sales volume of approximately €1.3 trillion worldwide and €281 billion for personal luxury goods in 2019, the luxury industry constitutes a major sector on a global scale (D'Arpizio et al. 2020). Reflecting its increasing relevance, global luxury markets have been continuously expanding for decades, with a notable growth of 6.8% in 2017 (Deloitte 2017; Kim and Kim 2014). The success of luxury firms depends heavily on the salesperson's behavior (e.g., Baker, Grewal, and Parasuraman 1994), owing to the prevalence of personal selling in this context (e.g., Ward and Dahl 2014)—63% of all luxury purchases are conducted in physical stores involving salespeople (D'Arpizio et al. 2017).

Understanding how salespeople can effectively promote luxuries is critical for marketing researchers and practitioners alike (Wagner, Klein, and Keith 2001). However, interestingly, with few exceptions (e.g., Merk and Michel 2019; Ward and Dahl 2014), prior academic literature has rarely examined the effectiveness of salesperson behavior when selling luxuries. This void in prior literature is striking because purchasing luxuries is a fundamentally different psychological experience for customers compared to purchasing other products. For example, when customers purchase products that they perceive as luxurious, they tend to experience sensations of guilt (Keinan, Kivetz, and Netzer 2016; Ki, Lee, and Kim 2017). Hagtvedt and Patrick (2016) demonstrate that the association, at the point of sales, between a luxury brand and a charity can assuage the feelings of guilt and increase purchase intention. In the same vein, we assume that adaptive salespeople (see Alavi, Habel,

and Linsenmayer 2019) are more effective when they adapt their communication to the psychological experiences of consumers.

Hence, the goal of this research note is to stimulate the academic discussion on how a salesperson should adapt his or her communication when selling a product that constitutes a luxury for a customer. More specifically, we focus on one of the most basic, while crucial, typologies of a salesperson's communication, that is, *informative* salesperson communication (i.e., the extent to which a salesperson conveys facts about a product to a customer; e.g., “This chair was designed by the famous designer Charles Eames”) versus *emotional* salesperson communication (i.e., the extent to which a salesperson aims at arousing a customer's positive affect for a product; e.g., “This chair's design will be a pleasure to your eyes every day”) (e.g., Edwards 1990; Millar and Millar 1990; Petty, Cacioppo, and Goldman 1981; Petty and Wegener 1998).

Which of these basic communication styles is more effective when a customer purchases a luxury? One the one hand, since luxury goods provide emotional value to customers, one may think that salespeople's communication should pave the way to these emotional values by being emotional itself. This view dominates some practitioner literature (e.g., Catry 2003; Okonkwo 2007). For example, Jenkinson (2013, p. 1) suggests that “the products we sell become luxurious when we help consumers connect emotionally with them.” In a similar vein, Lent and Tour (2009, p. xi) assert that “selling in a luxury universe is full of magic, passion, and emotion.”

However, in this research note, we argue that this line of reasoning may be incorrect. Specifically, as mentioned previously, customers often experience guilt when purchasing luxurious products<sup>1</sup> (Hagtvedt and Patrick 2016; Keinan, Kivetz, and Netzer 2016; Ki, Lee, and Kim 2017), which likely makes them seek *justifications* for their purchase decisions. We expect that informative salesperson communication provides such justification more effectively than emotional salesperson communication and thereby improves customers' value perceptions of a product and purchase intentions. Furthermore, we propose that informative salesperson communication is particularly effective for hedonic (vs. utilitarian) and relatively high (vs. low) price level products perceived as luxurious (Figure 1).

We present evidence for our hypotheses in two studies, one field study with customer–salesperson interactions and one scenario experiment. Thus, our research note demonstrates that salespeople should rely on informative arguments whereas emotional communication emerges as rather ineffective in this context. We aim to encourage further research on effective sales strategies for products perceived as luxurious.

## Hypotheses

### Luxury products and the emergence of guilt

We build our conceptual framework from extant research showing that luxuries may induce customers to perceive guilt. Therefore, to lay the foundation for our argument, in the following we explain the luxury concept and elaborate on said research.

Whether customers perceive products as luxurious depends on the specific characteristics they perceive in these products, but defining luxury concisely has been recognized to be difficult, multidimensional, subjective, and socially constructed (Amatulli et al. 2020; Vigneron and Johnson 2004; Wiedmann, Hennigs, and Siebels 2007, 2009).

Wiedmann, Hennigs, and Siebels (2009) argue that consumers' luxury value perceptions rely on four (financial, functional, individual and social) latent dimensions (see also Sun, Bellezza, and Paharia 2021). Luxury brands can create positive affect, arising from the pleasure and enjoyment the product experience produces (e.g., Hagtvedt and Patrick 2009). Luxury products can also serve as a social marker based on hierarchies and status symbols (e.g., Berger and Ward 2010; Geiger-Oneto et al. 2013; Han, Nunes, and Drèze 2010). Concomitantly, consumers might use luxury products as a way to distance themselves from others (e.g., Han, Nunes, and Drèze 2010) or reach specific outcomes (Wang and Griskevicius 2013). In a recent review, Dubois, Jung, and Ordabayeva (2021) present the drivers (biological, socio-psychological, structural), the forms (traditional, non-traditional, non-consumption) and the consequences (positive, negative) of luxury consumption. In line with past research, we define degree of luxury as the extent to which a customer perceives a product as exclusive (e.g., Hansen and Wänke 2011; Kim, Park, and Dubois 2018; Phau and Prendergast 2000), prestigious (e.g., Han, Nunes, and Drèze 2010; Kapferer and Valette-Florence 2016), and possessing a high level of quality (e.g., Baek, Kim, and Yu 2010; Dubois, Laurent, and Czellar 2001; Ward and Dahl 2014). Hence, our conceptualization of degree of luxury is closely related to the concept of status or prestige goods that is commonly employed in marketing research on luxuries (e.g., Berger and Ward 2010; Han, Nunes, and Drèze 2010).

Interestingly, although products perceived as luxurious seem desirable, prior literature has established that customers often associated them with guilt (Ki, Lee, and Kim 2017; Kivetz and Simonson 2002a). Researchers have studied how this feeling of guilt could be assuaged through various techniques such as charity donations (Hagtvedt and Patrick 2016), the addition of specific features to the product (Keinan, Kivetz, and Netzer 2016) or corporate social responsibility (Sipilä et al. 2020). Our following hypotheses build on this research and Table 1 provides an overview of

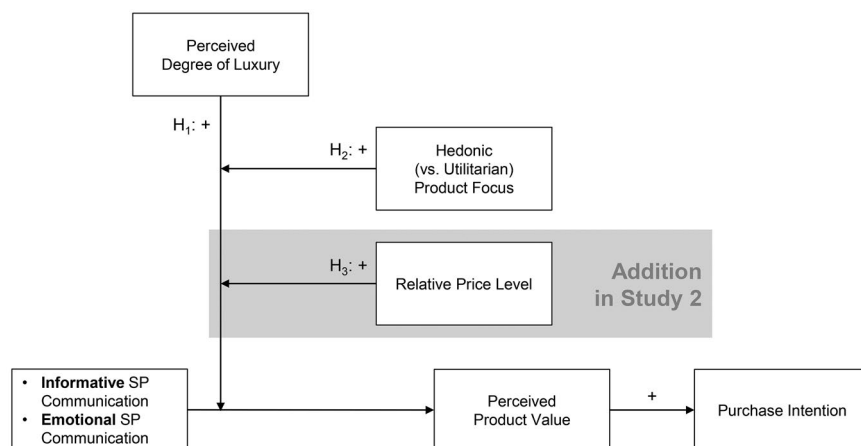


Figure 1. Conceptual model.

Notes. SP = Salesperson

**Table 1.** Theoretical support for conceptual framework.

| Key Area   | Exemplary Sources                           | Key Results  | Implications for our Research Note  |
|--|---|--|---|
| Informative (vs. Emotional) Salesperson Communication → Perceived Product Value  | McFarland, Challagalla, and Shervani (2006) | Salespeople might use a combination of influence tactics (e.g., emotional utilities or information exchange) to persuade a specific customer.                | Informative or emotional salesperson communication might be more effective in increasing perceived value for products that customers deem luxurious.  |
|  | Millar and Millar (1990)                    | Rational and emotional arguments have different impacts on attitudes.  |   |
| Perceived Degree of Luxury × Informative Salesperson Communication → Perceived Product Value   | Hagtvedt and Patrick (2016)                 | Guilt is a pervasive and hallmark factor influencing luxury consumption. Customers report feeling guilty about luxury consumption.                           | Luxury consumption generates a feeling of guilt. Informative salesperson communication will provide customers with rational arguments to justify their purchase.  |
|  | Ki, Lee, and Kim (2017)                     | Conspicuous consumption of luxury products leads to feeling of guilt and guilt will negatively impact repurchase.  |   |
| Perceived Degree of Luxury × Hedonic Product Focus × Informative Salesperson Communication → Perceived Product Value                 | Khan and Dhar (2010)                        | Discounts that are framed as a saving on hedonic rather than on utilitarian components are more likely to drive purchase because they offer a justification. | The higher the hedonic focus of the product perceived as luxurious, the more frivolous it will be perceived and the more its purchase will need to be justified. Informative salesperson communication will provide customers with arguments to justify their purchase. |
|  | Keinan, Kivetz, and Netzer (2016)           | Adding a small utilitarian feature to a luxury product can serve as a “functional alibi,” justifying the indulgent purchase and reducing indulgence guilt.   |   |
|  | Okada (2005)                                | Hedonic products are perceived as more discretionary as utilitarian products. People need to justify their hedonic consumption.                              |   |
| Perceived Degree of Luxury × Relative Price Level × Informative Salesperson Communication Degree of luxury → Perceived Product Value | Prelec and Loewenstein (1998)               | The price of a product creates a pain of payment. This pain of paying impacts on the perception of the products and the related pavement choices.            | The higher the price of the product perceived as luxurious, the more the customer will feel guilty and will need to justify its purchase. Informative salesperson communication will provide customers with arguments to justify their purchase.                        |
| Perceived Product Value → Purchase Intentions  | Dodds, Monroe, and Grewal (1991)            | There is a relationship between the buyers’ perceptions of value and their willingness to buy.   | If customers perceive a higher product value, they will be more likely to purchase a product.   |
|  | Sweeney and Soutar (2001)                   | Values play an important role in forming attitudes and behaviors in the purchase process.  |   |

corresponding theoretical support and a synthesis of the main results.

### **The effect of salespeople’s communication depending on the perceived degree of luxury**

Building on the previous elaborations, in the following we deduce how salespeople’s communication affects customers’ perceived value of luxury products. Thereby, we differentiate between informative and emotional salesperson communication (Edwards 1990; Millar and Millar 1990; Petty, Cacioppo, and Goldman 1981; Petty and Wegener 1998). We understand informative salesperson communication as the extent to which salespeople provide customers knowledge about product attributes and convey product-related information with the goal of positively influencing customers’ perceptions about the benefits of the salesperson’s offerings (McFarland, Challagalla, and Shervani 2006). Importantly, pure informative salesperson communication only comprises educating customers about product attributes and does not include exerting pressure or making specific recommendations to customers (Wagner, Klein, and Keith

2001). Conversely, emotional salesperson communication centers on associating affect with product attributes, and it “arouses enthusiasm by appealing to customers’ [higher-order] values, ideals, and aspirations” (Yukl and Tracey 1992, p. 640; McFarland, Challagalla, and Shervani 2006). Inspirational appeals focus on arousing a positive affective response in customers by charging products with emotions, values, and meaning.

One goal of informative and emotional salesperson communication is to shape customers’ perceived value, defined as the total level of benefits associated with a specific product (Cronin, Brady, and Hult 2000; Sweeney and Soutar 2001; Zeithaml 1988). Thereby, our key proposition in this research note is that when customers perceive a higher degree of luxury, informative salesperson communication is more instrumental in increasing a customer’s perceived value compared to emotional salesperson communication. As we previewed above, we deduce this proposition from the guilt-evoking nature of luxury products (Hagtvedt and Patrick 2016; Keinan, Kivetz, and Netzer 2016; Ki, Lee, and Kim 2017).

Past research has distinguished guilt from related emotions (such as shame, see Duhachek, Agarwal and Han 2012;

Han, Duhachek and Agarwal 2014) and described its relationship with consumption decisions (see Antonetti and Baines 2015 for a review of guilt in marketing), such as its impact on products with ethical attributes (e.g., Peloza, White and Shang 2013) or on products enabling self-improvement (Allard and White 2015). Guilt can be described as a negative emotion that arises from the awareness of coming short on important self-standards about behaviors which are perceived as appropriate (Allard and White 2015). Discrepancy in self-standards is associated with an unpleasant cognitive state, which individuals seek to reduce through justification (Bazerman, Tenbrunsel, and Wade-Benzoni 1998). In our context, justification implies the construal of reasons that support the decision for purchasing a certain good (Shafir, Simonson, and Tversky 1993). We expect that informative salesperson communication is particularly conducive to justify the purchase decision. This is because compared to emotional communication, arguments conveyed through informative communication tend to be concrete, quantifiable, and evaluable (Areni 2002), which might allow customers to more effectively rationalize their purchase. In addition, informative communication exhibits little focus on indulgence-related and thus guilt-inducing aspects of the product (Hagtvedt and Patrick 2016; Keinan, Kivetz, and Netzer 2016; Ki, Lee, and Kim 2017). Hence informative salesperson communication may be particularly conducive to reducing luxury customers' guilt. Hence of their reduced guilt, customers may develop a more positive view of the value of the product under consideration.

In contrast, emotional salesperson communication should provide less justification and thus less guilt reduction to customers purchase because emotional arguments might appear more superficial, subjective, less socially acceptable, and thus less defensible (Hochstein et al. 2019). Moreover, they may be less convincing as they inherently often appeal to customers' indulgence which again may trigger customers' guilt (Hagtvedt and Patrick 2016; Keinan, Kivetz, and Netzer 2016; Ki, Lee, and Kim 2017). Hence, emotional salesperson communication should be less effective in increasing perceived value of a luxury product. Thus, we hypothesize:

H<sub>1</sub>: Perceived degree of luxury positively moderates the effect of informative salesperson communication on perceived product value. That is, the higher the perceived degree of luxury, the more an increase in informative salesperson communication leads to an increase in customers' perceived product value.

### **Boundary conditions of the effect of salespeople's communication**

We propose two boundary conditions to our previous hypothesis. First, we argue that the previous effect is particularly pronounced for luxury products with a hedonic rather than utilitarian focus. Second, we expect the effect to be particularly pronounced for luxury products with a relatively high price in the respective product category. Like before, we deduce these arguments from the body of knowledge on the guilt-evoking nature of luxury products

(Hagtvedt and Patrick 2016; Keinan, Kivetz, and Netzer 2016; Ki, Lee, and Kim 2017).

### **Product focus**

Products with a hedonic focus allow consumer to experience pleasure, fun or excitement (e.g., sporty car) whereas products with a utilitarian focus serve instrumental needs (e.g., a microwave, Dhar and Wertenbroch 2000). Importantly, a product with a high degree of luxury can be assessed from a hedonic (e.g., sporty design of the car) or utilitarian perspective (e.g., gas mileage of the car). "Hedonic (utilitarian) consumption tends to be perceived as relatively more discretionary (necessary) in nature" (Okada 2005, 44). As a result of discretionary spending of money, purchasing products with a hedonic focus can be perceived as wasteful and therefore induce feelings of guilt (e.g., Dhar and Wertenbroch 2000; Khan and Dhar 2010; Kivetz and Keinan 2006; Kivetz and Simonson 2002a, 2002b; Lascu 1991; Okada 2005; Strahilevitz and Myers 1998). Building on this notion, if a customer's perception of a luxury product is dominated by a hedonic focus, we expect that perceptions of guilt are even enhanced. Consequently, customers should seek justification particularly for purchases of luxury products with a hedonic rather than a utilitarian focus. As a result, for the reasons explained in the previous hypothesis, the positive interactive effect of degree of luxury and informative salesperson communication on perceived product value should be enhanced. Thus:

H<sub>2</sub>: For a hedonic product focus (as compared to a utilitarian product focus) the positive interactive effect of informative salesperson communication and degree of luxury on customers' perceived product value is strengthened.

### **Relative price level**

Analogous to our previous reasoning, we propose that the interactive effect of salesperson communication and degree of luxury may additionally depend on the relative price level of the respective product in the product category. Specifically, relatively high price levels may impact customers' perceptions of guilt for being wasteful in their consumption of products with a high degree of luxury (Prelec and Loewenstein 1998). Customers' enhanced guilt should, in turn, evoke a stronger need to seek justification for their purchase decision. As explained in H<sub>1</sub>, informative salesperson communication should be particularly effective for providing justification and thus reducing guilt. As a result, customers may perceive a product's value as higher. Therefore:

H<sub>3</sub>: For relatively high price levels (as compared to relatively low price levels), the positive interactive effect of informative salesperson communication and the degree of luxury on customers' perceived product value is strengthened.

Because of its intuitive nature, we do not hypothesize the effect of perceived product value on purchase intention (Grewal, Monroe, and Krishnan 1998; Dodds, Monroe, and Grewal 1991). However, we empirically test this effect in our studies.

## Study 1: evidence from the field

### Method

#### Data collection and sample description

We collected survey data from 145 retail customers after their conversations with salespeople. Therefore, we selected a convenience sample of stores that offered luxury as well as convenience brands in Germany. We deliberately chose industries (such as furniture, automobile, fashion, electronics) and stores offering heterogeneous products whose luxuriousness is likely to be perceived differently by different consumers, promising sufficient variance for conducting regression analyses. We then approached customers who were leaving the store after their conversations with salespeople, asking them to fill in a paper and pencil questionnaire. In the questionnaire, customers were requested to indicate the product they had been consulted on, rate their purchase intention for and the value of this product, their perceived degree of luxury, and the salesperson's use of informative and emotional communication, as well as a set of control variables and demographics.

Customers had an average age of 35.6 years, and 51.4% were male. The surveys were collected in the following retail industries: furniture (42.1%), automobiles (18.6%), fashion (11.7%), electronics (11.0%), and others (16.6%). Because we collected several questionnaires in each store, the 145 customers in our sample were nested in 60 salespeople. To account for between-level variance using a multilevel estimator, the data set includes a code for each customer uniquely identifying the specific salesperson.

#### Measures

The key variables in our model are informative and emotional salesperson communication, perceived degree of luxury, hedonic (vs. utilitarian) product focus, perceived product value, and purchase intention. We measured these concepts by adapting scales established in the literature (see Appendix 1). We coded the variable hedonic (vs. utilitarian) product focus based on customers' indications on the focal product in the sales consultation. For this purpose, we informed two raters of the definitions of hedonic vs. utilitarian product focus who then coded the products accordingly on a 1 to 7 scale (1 = strong utilitarian focus; 7 = strong hedonic focus). The correlation of both ratings was  $r = .78$  indicating sufficient convergence. Typical examples of products with hedonic focus were fashion products, furniture and decoration accessories, and leisure equipment, while examples of products with utilitarian focus were tools and office electronics.

We furthermore included a set of control variables. First, we included dummy variables indicating the retail industry in which the interaction between the salesperson and customer was captured. Second, we controlled for customers' involvement and expertise with the product category. Third, we controlled for the absolute price of the focal product. Please note that the product's absolute price level is conceptually different from the expected moderator of relative

price level per product category which we examine as a moderator in Study 2. Appendix 1 lists all items used including psychometric properties.

#### Common method variance

Since the variables in this study were collected in the same survey, the results could be distorted by common method bias (Podsakoff et al. 2003). However, common method bias is unlikely to have meaningfully influenced our results. We carefully constructed the survey to limit common method variance. That is, we initially informed participants that the survey had no right and wrong answers, asked them to answer candidly, and assured them of full anonymity. Furthermore, we proceeded by first measuring the dependent variables and only then measuring the independent variables. This survey design has been shown to limit customary sources of common method variance, such as social desirability bias (Podsakoff et al. 2003). Lastly, we conducted Harman's test, which revealed that a measurement model with a single factor fit our data worse than a measurement model with disaggregated factors (single factor solution: CFI/TLI = .30/.20; RMSEA = .21; SRMR = .18; AIC/BIC = 8,633/8,784; disaggregated factor solution: CFI/TLI = .95/.93; RMSEA = .06; SRMR = .05; AIC/BIC = 6,388/6,543).

### Results & hypotheses testing

#### Analytical approach

We specified a regression model comprising the direct effect of informative and emotional salesperson communication on perceived product value. Because we included the moderator degree of luxury and hedonic product focus, we specified the respective two-way and three-way interactions to examine the related hypotheses. More precisely, we included the three-way interaction of informative communication  $\times$  degree of luxury  $\times$  hedonic product focus and emotional communication  $\times$  degree of luxury  $\times$  hedonic product focus as well as all necessary two-way interactions (see Table 2). Prior to the estimation, we mean-centered the moderator and the salesperson communication variables (Aiken and West 1991).

The estimation followed a two-step approach. We first estimated the regression model and then conducted a simple slope analysis. Therefore, we compared the main effects of informative and emotional salesperson communication on perceived product value at high values of the moderator (degree of luxury) and tested their significance. We estimated the model using Mplus Version 7.0 (Muthén and Muthén 2012), controlling for the nesting of customers in salespeople. Table 2 reports correlations, means, and standard deviations, and Table 3 reports the regression coefficients. The results corroborate our key hypothesis that informative salesperson communication particularly increases perceived product value if the degree of luxury is high.

#### Test of hypothesis 1

In  $H_1$ , we proposed that degree of luxury positively moderates the effect of informative salesperson communication.

**Table 2.** Study 1: correlations, means, and standard deviations.

| Variables                                | 1      | 2      | 3      | 4      | 5      | 6                  | 7    | 8    | 9    |
|--|--------|--------|--------|--------|--------|--------------------|------|------|------|
| 1. Perceived product value               |        |        |        |        |        |                    |      |      |      |
| 2. Perceived degree of luxury            | .27*** |        |        |        |        |                    |      |      |      |
| 3. Informative salesperson communication | .41*** | .14    |        |        |        |                    |      |      |      |
| 4. Emotional salesperson communication   | .11    | .30*** | .24*** |        |        |                    |      |      |      |
| 5. Customer involvement                  | .37*** | .35*** | .13    | .24*** |        |                    |      |      |      |
| 6. Absolute product price                | .17**  | .18**  | .18**  | .08    | -.05   |                    |      |      |      |
| 7. Hedonic product focus                 | .02    | .03    | .10    | .03    | -.22** | .07                |      |      |      |
| 8. Customer product knowledge            | .24*** | .27*** | .18**  | .16*   | .30*** | .09                | -.05 |      |      |
| 9. Customer purchase intention           | .42*** | .09    | .41*** | .08    | .15*   | -.04               | .10  | .06  |      |
| <b>M</b>                                 | 5.34   | 3.94   | 5.47   | 4.15   | 5.40   | 5.88 <sup>a</sup>  | 3.68 | 4.04 | 5.46 |
| <b>SD</b>                                | 1.12   | 1.76   | 1.22   | 1.54   | 1.29   | 12.76 <sup>a</sup> | 1.66 | 1.43 | 1.77 |

\* $p < .10$ ,\*\* $p < .05$ ,\*\*\* $p < .01$  (two-tailed), <sup>a</sup> in thousands.

Notes: M=Mean, SD=Standard Deviation, CA=Cronbach's alpha.

**Table 3.** Study 1: results.

| Path  | Hypotheses                | Model 1             | Model 2            | Model 3            |       |
|---|---------------------------|---------------------|--------------------|--------------------|-------|
|   |                           | Direct Effect Model | Only Interactions  | Full Model         |       |
| <b>Main effects</b>   |                           |                     |                    |                    |       |
| Perceived degree of luxury  | → perceived product value | .23**               | .26***             | .17**              |       |
| Informative SP communication  | → perceived product value | .40***              | .36***             | .33***             |       |
| Emotional SP communication  | → perceived product value | -.06 <sup>ns</sup>  | -.13 <sup>ns</sup> | -.17**             |       |
| Hedonic product focus   | → perceived product value | -.02 <sup>ns</sup>  | -.05 <sup>ns</sup> | .02 <sup>ns</sup>  |       |
| Perceived product value   | → purchase intention      | .42***              | .42***             | .42***             |       |
| <b>Interaction effects</b>  |                           |                     |                    |                    |       |
| Informative SP communication × perceived degree of luxury                         | → perceived product value | H <sub>1</sub> : +  | —                  | .15**              | .14*  |
| Emotional SP communication × perceived degree of luxury                           | → perceived product value | —                   | -.04 <sup>ns</sup> | -.07 <sup>ns</sup> |       |
| Emotional SP communication × hedonic product focus                                | → perceived product value | —                   | .00 <sup>ns</sup>  | .01 <sup>ns</sup>  |       |
| Informative SP communication × hedonic product focus                              | → perceived product value | —                   | .16**              | .15**              |       |
| Degree of Luxury × hedonic product focus  | → perceived product value | —                   | .03 <sup>ns</sup>  | .01 <sup>ns</sup>  |       |
| Emotional SP communication × perceived degree of luxury × hedonic product focus   | → perceived product value | —                   | .14 <sup>ns</sup>  | .13*               |       |
| Informative SP communication × perceived degree of luxury × hedonic product focus | → perceived product value | H <sub>2</sub> : +  | —                  | .19**              | .18** |
| <b>Controlled effects</b>   |                           |                     |                    |                    |       |
| Industry dummies  | → perceived product value | —                   | —                  | Included           |       |
| Customer involvement  | → perceived product value | —                   | —                  | .29***             |       |
| Customer product knowledge  | → perceived product value | —                   | —                  | .03 <sup>ns</sup>  |       |
| Absolute product price <sup>a</sup>   | → perceived product value | —                   | —                  | .10 <sup>ns</sup>  |       |
| <b>R<sup>2</sup> of perceived product value</b>                                   |                           | .22***              | .33***             | .41***             |       |
| <b>Simple slopes for high perceived degree of luxury</b>                          |                           |                     |                    |                    |       |
| Informative SP communication  | → perceived product value | —                   | .50***             | .46***             |       |
| Emotional SP communication  | → perceived product value | —                   | -.16 <sup>ns</sup> | -.24 <sup>ns</sup> |       |

Notes: <sup>ns</sup> $p > .10$ ,\* $p < .10$ ,\*\* $p < .05$ ,\*\*\* $p < .01$  (two-tailed); standardized coefficients; SP=salesperson.

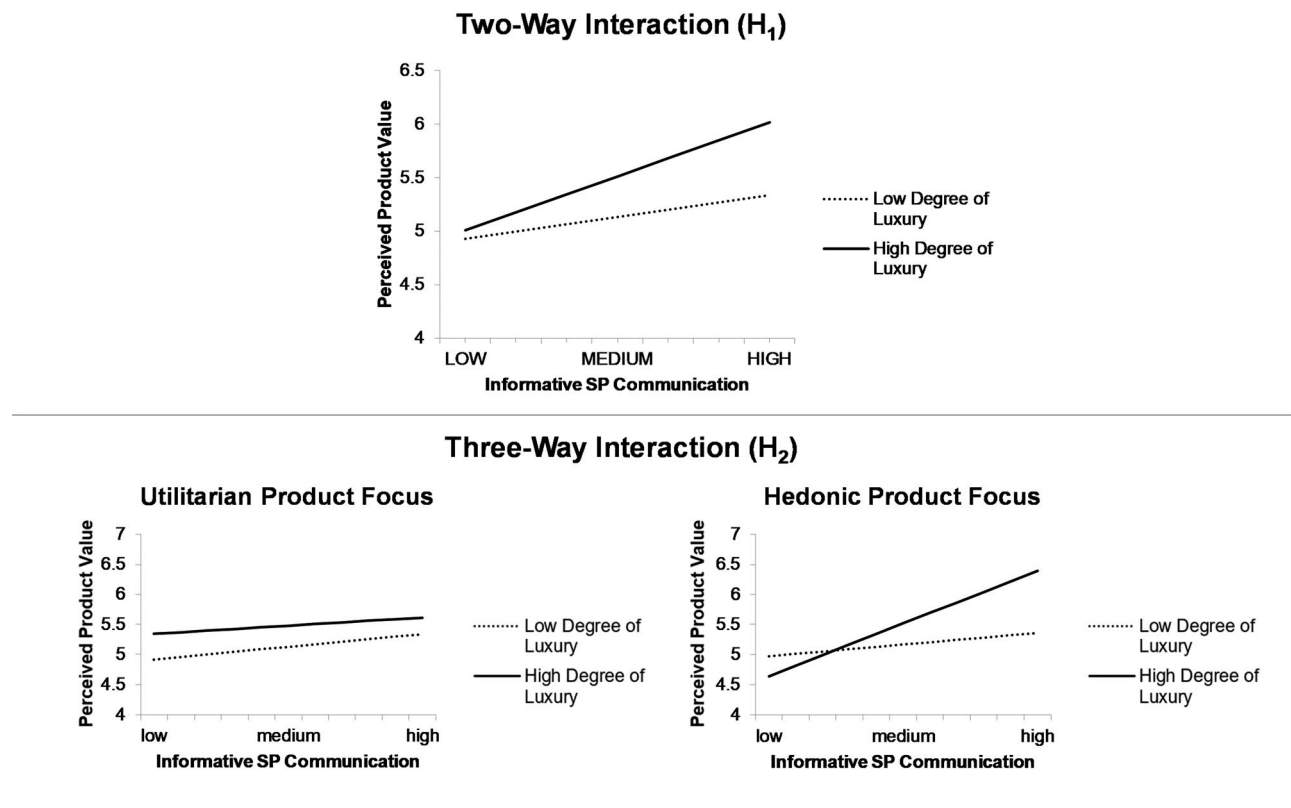
That is, if the degree of luxury is relatively high, informative salesperson communication should have a more positive effect on customers' perceived product value than if the degree of luxury is relatively low. Indeed, the interaction effect between degree of luxury and informative salesperson communication is positive and significant (see Model 2 in Table 3;  $\beta = .15$ ,  $p < .05$ ; Figure 2 presents the interaction plot). Thus, our results support H<sub>1</sub>.

To further corroborate this key hypothesis, we inspected the respective simple slope effects. The simple slope for the effect of informative salesperson communication on perceived product value at relatively high values of perceived degree of luxury (M+1\*SD) is positive and significantly larger than the respective slope of emotional communication ( $\beta_{\text{informative}} = .50$ ,  $p < .01$ ;  $\beta_{\text{emotional}} = -.16$ ,  $p > .05$ ). Hence,

informative salesperson communication has a significantly more positive effect on customers' perceived product value than emotional salesperson communication if a product's degree of luxury is relatively high. This result supports H<sub>1</sub>.

### Test of hypothesis 2

In H<sub>2</sub>, we predicted that a hedonic product focus enhances the positive moderation effect of degree of luxury. Results of our model estimation provide support for this hypothesis, since we find a positive three-way interaction between informative salesperson communication, degree of luxury, and hedonic product focus ( $\beta_{\text{informative} \times \text{luxury} \times \text{hedonic}} = .19$ ,  $p < .05$ ). Please refer to Figure 2 which provides interaction diagrams to illustrate this result pattern.



**Figure 2.** Study 1: interaction diagrams.

To assess effects on customer purchase intention, we estimated the indirect effect of informative salesperson communication on customers' purchase intention via the mediator customers' perceived product value. Hereby, we followed recommendations by Shrout and Bolger (2002) and simultaneously included the direct and indirect effects in the model. Importantly, for this analysis we employ the full model as depicted in the hypotheses testing, that is, including emotional salesperson communication and the set of control variables. We estimate conditional indirect effects and employ the Sobel test to assess the significance of the indirect effects (Sobel 1982). If the degree of luxury is relatively high, informative salesperson communication exhibits a positive and significant indirect effect on customers' purchase intention ( $\beta_{\text{indirect}} = .23, p < .01$ ), whereas this indirect effect is insignificant if the degree of luxury is lower ( $\beta_{\text{indirect}} = .07, p > .10$ ).

## Study 2: conceptual replication and extension

### Method

Study 2 conceptually replicates Study 1 and examines a product's relative price level as a further boundary condition (see H<sub>3</sub>). Specifically, we conducted an experiment in which participants were exposed to the simulated communication strategies by a real car salesperson whom we had videotaped. We manipulated four factors in a between-subjects  $2 \times 2 \times 2 \times 2$  design: (1) informative versus emotional salesperson

communication, (2) relatively low vs. high perceived degree of luxury, (3) hedonic versus utilitarian product focus, and (4) relatively low versus high price level. We randomly allocated 832 customers (41% female; mean age of 29.9 years) to the resulting sixteen experimental conditions and simulated the purchase of a car.

### Sample

Participants' familiarity with the experimental context and high levels of realism were critical prerequisites for the validity of this experiment. Therefore, it was essential that our data sample for this study comprises a balanced composition of customers who have experience with luxury purchasing and might potentially purchase luxury goods on the one hand and customers without luxury purchasing experience on the other. To address this criterion, we recruited participants from a German online consumer panel with a sufficient variety in general purchase experience, luxury purchase experience, and income. Participants across the treatment groups had a median income of €2,000 to €3,000, had purchased an average of 2.4 cars in their life, and had purchased an average of 3.6 products that they deemed luxury.

### Procedure

We instructed customers to imagine that they intended to purchase a car from a dealership. In the scenario, participants were supposed to meet a salesperson who suggests a

specific car to them. We manipulated degree of luxury, product focus, and price level by providing customers the respective information about the features of the car they were interested in (refer to Appendix 2). We manipulated the hedonic versus utilitarian product focus by emphasizing either hedonic (driving pleasure) or utilitarian (functionality) value components of the car (Goldsmith, Cho, and Dhar 2012). For the relative price level manipulation, in the high (low) price level condition, we stated that the price for the car is relatively high (low) as compared to similar cars in this category.

After receiving the information on the car, participants watched a video of the salesperson's communication strategies for the car. In the informative salesperson communication condition, the salesperson presented rational arguments, facts, and attribute-based reasoning to promote the car. For example, the salesperson describes the performance of the car's engine and provides information on fuel efficiency and car equipment. In the emotional salesperson communication condition, the salesperson presented affective arguments and attempted to arouse customers' emotions for the product. For example, the salesperson emphasizes the pleasure and joy of driving the car as well as the comfort and pride it will create. We obtained the cooperation of a car dealership to produce the video for the experiment. The dealership allowed us to record the videos on their shopping floor, and one of the store's salespeople assumed the role of the salesperson in the scenario of the video. This approach allowed us to depict the communication strategies in a natural, realistic manner. We developed a detailed script for the enactment of the salesperson's communication strategies in the video. We qualitatively discussed the script's authenticity with the salesperson and made minor adjustments based on the feedback before videotaping the interaction. Apart from the manipulation of the salesperson communication, the videos were fully identical.

To be more precise, we created a script which detailed the salesperson's communication in the video. This script prescribed all verbal statements for the salesperson. Thus, apart from the specific arguments related to the informative and emotional communication strategies, the verbal statements were kept constant. Moreover, the script contained some indications for the salesperson for non-verbal behavior. This primarily pertained to smiling and hand gestures which helped to standardize the non-verbal behavioral as much as possible across the conditions. Eventually, for the recording of the videos we took great care that the technical features of the video and recording were kept constant across the conditions in terms of camera angle, focus, and zoom. After viewing the video of the salesperson, customers answered a brief survey pertaining to perceived product value, purchase intention, demographics, and manipulation checks.

### Measures

As established in prior experimental research, we used a dummy variable coding approach to include the experimental treatments as the independent variables in the regression model estimation (Bagozzi 1977). That is, to incorporate the

experimental treatments into the model, we coded four binary dummy variables (Bagozzi and Yi 1988). These four dummy variables represent the four manipulated factors: (1) salesperson communication strategy (with informative strategy coded as 1 and emotional strategy as 0), (2) degree of luxury (with relatively high degree of luxury coded as 1 and relatively low as 0), (3) product focus (with hedonic product focus coded as 1 and utilitarian focus coded as 0), and (4) relative price level (with relatively high price level coded as 1 and low as 0). The measures of perceived product value and purchase intention are all based on established operationalizations in prior research and are fully in line with the previous study.

## Results & hypotheses testing

### Manipulation check

As a first step, we verified that all manipulations worked as intended. Customers in the informative communication condition confirmed that the salesperson used more informative and less emotional arguments ( $M_{\text{informative}} = 5.02$ ;  $M_{\text{emotional}} = 2.17$ ,  $\Delta M = 2.85$ ,  $p < .01$ ), and they perceived the car brand as substantially more luxurious in the relatively high luxury as compared to the relatively low luxury condition ( $M_{\text{luxury}} = 5.74$ ;  $M_{\text{mass-market}} = 4.23$ ,  $\Delta M = 1.51$ ,  $p < .01$ ). Moreover, customers perceived higher levels of hedonic benefits in the hedonic product focus group than in the utilitarian group ( $M_{\text{hedonic}} = 5.22$ ;  $M_{\text{utilitarian}} = 4.67$ ,  $\Delta M = .55$ ,  $p < .01$ ). Lastly, participants indicated that they perceived the car to be more expensive in the relative high price as compared to the relative low price condition ( $M_{\text{high price}} = 4.87$ ;  $M_{\text{low price}} = 3.39$ ,  $\Delta M = 1.47$ ,  $p < .01$ ).

We estimated the proposed models by employing Stata 10. We specified a moderated regression model, as displayed in Figure 1. The independent variables in the model are the experimental treatments and the interactive effects of the treatments, which we include in the model through the dummy variables described previously. Customers' perceived product value represents the dependent variable in the model. We estimate two consecutive models initially assessing the interactive effect of salesperson communication and degree of luxury and subsequently adding three-way interactions with product focus and relative price level to the models (refer to Table 4). As a first noteworthy finding, the model estimation reveals a positive interactive effect of informative salesperson communication and perceived degree of luxury, with the result pattern fully confirming the findings of the previous studies ( $\beta_{\text{interaction}} = .12$ ,  $p < .05$ ).

### Test of hypothesis 2

Moreover, the estimation of the three-way interactions supports our predictions in  $H_2$  and  $H_3$ . In  $H_2$ , we expected the positive effect of informative salesperson communication in the luxury context to be enhanced for a hedonic product focus. The positive and significant three-way interaction among salesperson communication, degree of luxury, and product focus corroborates  $H_2$  ( $\beta = .16$ ,  $p < .05$ ). Figure 3 depicts interaction diagrams.

**Table 4.** Study 2: results.

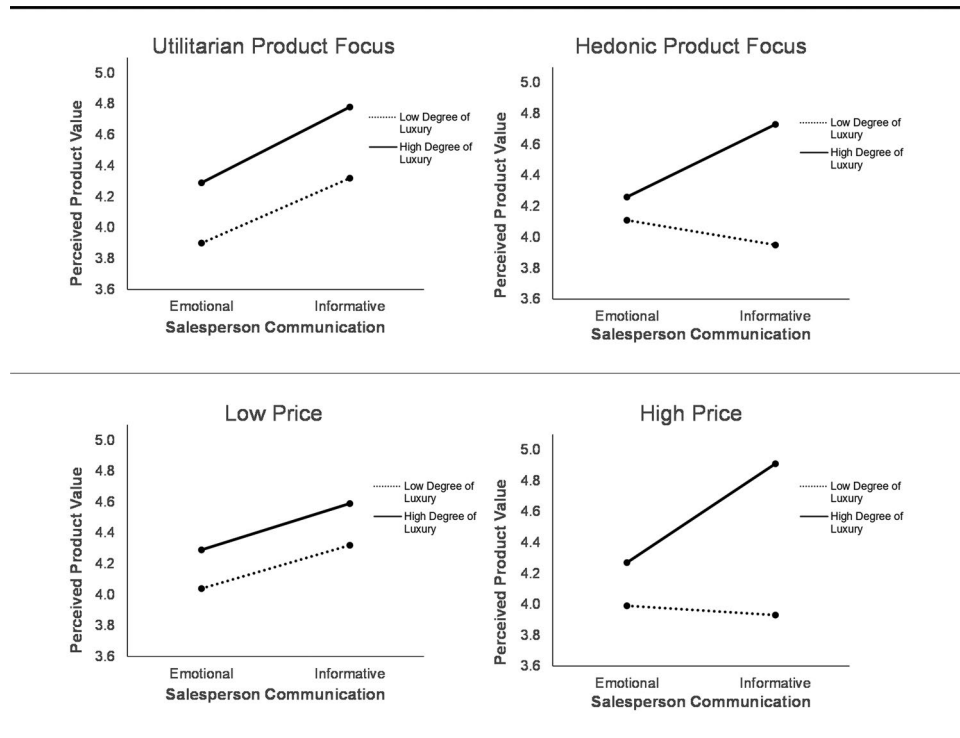
| Independent Variables  | Hypotheses         | Dependent Variable: Perceived product value |                      |
|--|--------------------|---|----------------------|
|  |                    | Model 1                                     | Model 2              |
| <b>Main effects</b>  |                    |   |                      |
| Perceived degree of luxury <sup>a</sup>  |                    | .10**                                       | .16**                |
| Informative SP communication <sup>b</sup>  |                    | .02 <sup>n.s.</sup>                         | .20***               |
| Relative Price level <sup>c</sup>  |                    | —   | -.06 <sup>n.s.</sup> |
| Hedonic product focus <sup>d</sup>   |                    | —   | .09*                 |
| <b>Two-way interactive effects</b>   |                    |   |                      |
| Informative SP communication <sup>b</sup> × perceived degree of luxury <sup>a</sup>                                      | H <sub>1</sub> : + | .12**                                       | -.11 <sup>n.s.</sup> |
| Hedonic product focus <sup>d</sup> × perceived degree of luxury <sup>a</sup>   |                    | —   | -.10 <sup>n.s.</sup> |
| Hedonic product focus <sup>d</sup> × informative SP communication <sup>b</sup>   |                    | —   | -.22***              |
| Relative price level <sup>c</sup> × perceived degree of luxury <sup>a</sup>  |                    | —   | .00 <sup>n.s.</sup>  |
| Relative price level <sup>c</sup> × informative SP communication <sup>b</sup>  |                    | —   | -.08 <sup>n.s.</sup> |
| <b>Three-way interactive effects</b>   |                    |   |                      |
| Informative SP communication <sup>b</sup> × perceived degree of luxury <sup>a</sup> × hedonic product focus <sup>d</sup> | H <sub>2</sub> : + | —   | .18**                |
| Informative SP communication <sup>b</sup> × perceived degree of luxury <sup>a</sup> × relative price level <sup>c</sup>  | H <sub>3</sub> : + | —   | .16**                |

Notes: <sup>n.s.</sup> $p > .10$ ,

\* $p < .10$ ,

\*\* $p < .05$ ,

\*\*\* $p < .01$  (one-tailed); standardized coefficients; <sup>a</sup> treatment dummy variable (0=low perceived degree of luxury, 1=high perceived degree of luxury); <sup>b</sup> treatment dummy variable (0=emotional salesperson communication, 1=informative salesperson communication); <sup>c</sup> treatment dummy variable (0=relatively low price level, 1=relatively high price level); <sup>d</sup> treatment dummy variable (0=utilitarian product focus, 1=hedonic product focus).



**Figure 3.** Study 2: interaction diagrams.

**Test of hypothesis 3**

Similarly, in H<sub>3</sub>, we proposed that the positive effect of informative salesperson communication in the luxury context would be enhanced for relatively high price levels. The positive and significant three-way interaction among salesperson communication, degree of luxury, and relative price level corroborates H<sub>3</sub> ( $\beta = .15, p < .05$ ). Figure 3 again illustrates this pattern of results.

To examine the indirect effect of informative salesperson communication on customers’ purchase intention via their

perceived product value, we relied on a bootstrapping procedure and included the direct and indirect effects simultaneously in one model (Shrout and Bolger 2002). Importantly, we employ the full model for this analysis including emotional salesperson communication. We estimate conditional indirect effect using 500 iterations. The results again show that for relatively high degrees of luxury, the indirect effect of informative salesperson communication on purchase intention is positive and significant (estimate = .35, confidence interval (CI): 95% lower bound = .12,

upper bound = .57), for relatively low degrees of luxury, the indirect effect is insignificant (estimate = .04, 95% CI: lower bound = -.15, upper bound = .22).

## General discussion

### Theoretical contributions

Recent research has substantially advanced knowledge on luxury goods in various marketing domains such as the purchase of luxury vintage products (Amatulli et al. 2018), ephemeral vs. iconic products (Desmichel, Ordabayeva, and Kocher 2020), customization (Moreau et al. 2020), sustainability (Minton and Geiger-Oneto 2020; Sun, Bellezza, and Paharia 2021), or corporate social responsibility (Sipilä et al. 2021). Notwithstanding, the role of the sales force as a key marketing channel for luxuries is not well understood to date. This omission in research is consequential, as the luxury context is fraught with considerable intricacies (e.g., Kapferer and Bastien 2009), which render the analysis of salesperson communication in this context conceptually very interesting. Our research note took a first step in this direction and thereby contributes to the marketing literature in two ways.

First, the core result of this research note pertains to the particular effectiveness of informative salesperson communication in luxury contexts. This finding is noteworthy, as it resolves potentially opposing predictions that might be inferred from existing research (e.g., Edwards 1990). We thus conceptually contribute to marketing research by clarifying the pivotal role of informative salesperson communication in luxury contexts.

Second, this research note elucidates the specific role of salesperson communication in a luxury sales context. While prior research has examined the influence of emotional and informative communication in a non-luxury context (e.g., Alavi et al. 2018; Frazier and Summers 1984; McFarland, Challagalla, and Shervani 2006), academic work in this research stream has not focused on the luxury sales context. Our study underlines that the effectiveness of salesperson communication differs considerably between luxury and non-luxury settings. In this respect, our work discloses interesting avenues for future research on the differences between luxury versus non-luxury contexts, as it is very probable that, beyond communication, salesperson behavior may unfold differently in the two contexts (e.g., Otterbring et al. 2018; Ward and Dahl 2014). For example, the exclusivity and identity involvement of luxury goods suggest that examining salesperson relationship-building and ingratiation behaviors in a luxury context may be worthwhile (McFarland, Challagalla, and Shervani 2006). Moreover, worth noting is that luxury purchases may frequently involve longer decision processes during which salespeople communicate with customers multiple times. In our research, we focused on one instance of such communication, which is well in line with prior research (e.g., Homburg, Wieseke, and Bornemann 2009; Ward and Dahl 2014). An interesting avenue for future research may be to examine how salesperson communication shapes customer

perceptions of luxury goods along the entire purchasing process.

### Managerial implications

Our results have a straightforward implication for practice: to sell luxury successfully, salespeople should argue informatively rather than emotionally. This helps salespeople soothe the potential guilt which customers can experience when purchasing luxury products. Thus, salespeople's informative communication may elevate customers' value perceptions for luxury products. Informative communication is particularly warranted if luxury products are predominantly of hedonic value as well as expensive. Eventually, salespeople should avoid falling prey to common misperceptions regarding the effectiveness of emotional selling approaches in the luxury context. While the practitioner literature often recommends emotional communication for luxury goods, our research note provides first evidence that this form of communication is not particularly potent in this context. We also think that the understanding of salespeople strategies is particularly important since the type of luxury seller-customer interaction is multifaceted and constantly evolving either in luxury stores (e.g., Dion and Borraz 2015, 2017), in multi-brand stores (Desmichel and Kocher 2020) or even for the type online presence (Hennigs, Wiedmann and Klarmann 2012). It would be interesting to study how new technological development (e.g., artificial intelligence/AI) could personalize these selling encounters. For instance, recent sales research indicates that customers may react differently to AI sales bots as compared to regular salespeople—an intriguing avenue for future research is to examine how an AI sales bot affects customers' potential guilt in purchasing luxury products. On the one hand, customers might experience less "face-saving concerns" against the AI sales bot alleviating potential guilt. On the other hand, luxury purchases have been characterized as inherently social acts, fulfilling customers' social needs (Dion and Arnould 2011) which suggests reduced effectiveness of AI sales bots in luxury contexts.

### Limitations and future research

Our research note has several limitations that provide avenues for future research. First, in line with past research, we had defined perceived degree of luxury as the extent to which a customer perceives a product as exclusive (e.g., Hansen and Wänke 2011; Kim, Park, and Dubois 2018; Phau and Prendergast 2000), prestigious (e.g., Han, Nunes, and Drèze 2010; Kapferer and Valette-Florence 2016), and possessing a high level of quality. Yet, we acknowledge that there are different, manifold possibilities to define the luxury concept or luxury products. While in this research note we have decided to adopt this specific definition, we encourage future research to assess the stability of our findings for different luxury definitions and to distinguish the individual luxury dimensions such as prestige or exclusivity.

Second, in this research note we focused on a generic conceptualization and measure of product value as a dependent variable being affected by the degree of luxury in interaction with salesperson communication as well as product focus and relative price level. We encourage future studies to differentiate various aspects of product value (e.g., Sweeney and Soutar 2001). For example, it could be interesting to test our conceptualization for a product's social value, which might be a key dimension of value sought after by customers who perceive a high degree of luxury.

Third, in Study 2, we simulated the purchase of a car. This context is particular because cars represent major investments for most consumers both in terms of financial resources and time spent researching the purchase. Furthermore, cars offer both utilitarian and hedonic benefits, such as quality/performance and a more pleasurable driving experience. Future research may replicate our study for products with a clearer inherent utilitarian or hedonic product focus.

Fourth, while our research note comprises data from Germany, we did not study and cannot rule out that our findings may be affected by intercultural influences or other moderating factors. Notably, cultural values such as indulgence may play a key role for our model. The level of indulgence in a culture might influence customers' guilt and need to justify luxury purchases in this culture. Other related factors, such as the interaction of religiosity and guilt and shame have been shown to impact luxury disposal (Minton and Geiger-Oneto 2020). Thus, future research may examine cultural values as well as other contextual moderator for the effects of salesperson communication in luxury settings.

## Note

1. Importantly, because different customers may regard different products as luxury items, we refrain from an objective operationalization of luxury products and instead focus on a customer's *perceived degree of luxury*, defined as the extent to which the customer perceives a product as exclusive, prestigious, and possessing a high level of quality.

## Declaration of interest

No potential conflict of interest was reported by the author(s).

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**Appendix 1:** Measurements for Study 1.

| Construct   | Measurement Items   | CA  | AVE | CR  |
|---|---|-----|-----|-----|
| <b>Informative Salesperson Communication<sup>a</sup></b><br>(McFarland, Challagalla, and Shervani 2006) | <ul style="list-style-type: none"> <li>The salesperson gave me a lot of information about the product.</li> <li>The salesperson provided very accurate information about the product.</li> <li>The salesperson shared comprehensive knowledge about the product.</li> </ul>                     | .88 | .71 | .88 |
| <b>Emotional Salesperson Communication<sup>a</sup></b><br>(McFarland, Challagalla, and Shervani 2006)   | <ul style="list-style-type: none"> <li>The salesperson made a sales pitch that appealed to my emotions.</li> <li>The salesperson described his or her product in emotional terms.</li> <li>The salesperson attempted to get me emotionally excited about what he or she was selling.</li> </ul> | .86 | .70 | .87 |
| <b>Perceived Degree of Luxury<sup>a</sup></b><br>(Baek, Kim, and Yu 2010)                               | <ul style="list-style-type: none"> <li>This brand is very exclusive.</li> <li>This brand exhibits high prestige.</li> <li>This brand is very upscale.</li> </ul>  | .92 | .81 | .93 |
| <b>Perceived Product Value<sup>b</sup></b><br>(Cronin et al. 2000; Sweeney and Soutar 2001)             | <ul style="list-style-type: none"> <li>This product has low/high value for me.</li> <li>This product offers low/high value for me.</li> <li>This product I would not value/value using this product.</li> </ul>   | .71 | .51 | .74 |
| <b>Purchase Intention<sup>a</sup></b><br>(Alavi et al. 2018)  | <ul style="list-style-type: none"> <li>It is very likely that I will purchase this product at this store.</li> </ul>  | –   | –   | –   |
| <b>Customer Involvement<sup>b</sup></b><br>(Zaichowsky 1985)  | To me, this type of product is ... <ul style="list-style-type: none"> <li>unimportant / important</li> <li>uninteresting / interesting</li> <li>insignificant / significant</li> </ul>  | .86 | .70 | .87 |
| <b>Customer Product Knowledge<sup>a</sup></b><br>(Wagner, Klein, and Keith 2001)                        | <ul style="list-style-type: none"> <li>I understand the features of this product well enough to be considered an expert when evaluating different brands.</li> <li>I know exactly what characteristics to look for in this kind of product.</li> </ul>  | .82 | –   | –   |
| <b>Absolute Product Price<sup>c</sup></b>   | <ul style="list-style-type: none"> <li>What is the list price of the product?</li> </ul>  | –   | –   | –   |

Notes: <sup>a</sup> Measured on Seven-point Likert scales (strongly disagree to strongly agree); <sup>b</sup> measured on seven-point differential; <sup>c</sup> measured in an open text box. CA=Cronbach's alpha, AVE=average variance extracted, CR=composite reliability.

## Appendix 2: Experimental treatments for Study 2

### Scenario for high perceived degree of luxury, hedonic product focus, and relatively high price (bold formatting indicates the manipulations and was omitted in the experiment):

Please imagine that you are considering buying a new car. To this end, you visit a dealership of the **luxury** car brand TRV. At the dealership, you start looking at the TRV Jupiter. The TRV Jupiter belongs to the **comparatively expensive** cars of its category. The car offers a high level of **convenience and pleasure of driving**. A salesperson at the dealership approaches you and asks whether he can help you. You agree, and the salesperson presents the car to you.

[Start of video with the salesperson's selling presentation with manipulation of salesperson communication]

### Scenario for low perceived degree of luxury, utilitarian product focus, and relatively low price (bold formatting indicates the manipulations and was omitted in the experiment):

Please imagine that you are considering buying a new car. To this end, you visit a dealership of the **mass-market** car brand TRV. At the dealership, you start looking at the TRV Jupiter. The TRV Jupiter

belongs to the **comparatively inexpensive** cars of its category. The car offers a high level of **functionality and fuel-efficient driving**. A salesperson at the dealership approaches you and asks whether he can help you. You agree, and the salesperson presents the car to you.

[Start of video with the salesperson's selling presentation with manipulation of salesperson communication]

### Illustrative Screenshot of Treatment Video with Salesperson

