

## THE EFFECTS OF ORGANIZATION TRUST AND JOY ON ORGANIZATIONS' STRATEGIC BEHAVIOR

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**Abstract:** *This study intends to shed light on and solve the short-term investment paradox by investigating the emotions of Organization Trust and JOY within a field-study context. The analysis entails analyzing the short-term feeling of JOY and its effect on long-term feeling of Organization Trust. In addition, it attempts to analyze relevant mediators and moderators that might influence JOY and organization trust. Findings indicate that consumers trust less without JOY and purchase less without Organization Trust. Meaning, companies shall be clear about the customer's perception of their product offer (hedonic vs. utilitarian) and adapt their investments accordingly, retailers with hedonic products should keep investing in JOY. Thus, the relation between JOY and Organization Trust can be characterized as mutually influencing. Furthermore, superficial information processing moderates the influence of Organization Trust on repurchase intention positively; and early exit moderates the influence of Organization Trust on repurchase intention negatively.*

**Keywords:** *Organization Trust, Joy, Cognitive Theory of Emotions, Affective Theory of Emotions, Evolutionary Theory, Strategic Behavior*

### INTRODUCTION

Over the last few years, the retail market has increased its endeavors to stabilize regular customer business (Anderson, Fornell & Mazvancheryl, 2004; Esbjerg, Jensen, Bech-Larsen, Durta de Barcellos, Boztug & Grunert, 2012). Winning new customers requires significantly greater investment of time and money for retailers than keeping present customers (e.g. Simkin, 1996). The paradox is that retailer's shop and product policies increasingly address customers' short-term emotions (Soscia, 2007). Although short-term emotions are not long lasting (e.g. Schellenberg & Blevins, 1973), retailers put increasing efforts into smaller product cycles, hedonic store ambiances or fun advertising (Rozell, Pettijohn & Parker, 2004). While short-term emotions only stimulate purchase decisions during the consumption process, addressing long-term emotions carries the advantage of enforcing habitual and repetitive buying behavior (Wood & Rettman, 2007). Such repetitive buying behavior is assumed to be the key to becoming a successful retailer in today's

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competitive markets Researchers have not sufficiently addressed this paradoxical behavior so far (Zhong & Mitchell, 2012). While the Cognitive Theory of Emotions (CT) explains this phenomenon as a calculus of requirements and offered capabilities, the Affective Theory of Emotions (AT) focuses on the positive and negative feelings a consumer experiences through such events. Evolutionary Theory (ET) combines both approaches by arguing that, overall, emotions are adaptive processes.

Within the research landscape of long-term emotions, organizational trust (OT) has not been sufficiently addressed by researchers (e.g. Lyubomirsky, King, & Diener, 2005; Lyubomirsky, Sheldon, & Schkade, 2005). Although OT is an essential success factor for customer repurchase intentions (e.g. Morgan & Hunt, 1994), literature offers only limited insights into OT in the context of retail management (Mano, 1999; Hansen, 2012; Pan *et al.*, 2012; White & Yuan, 2012). Within the research landscape of short-term affects, there are hardly any studies to be found on joy (JOY), which means that most antecedents and outcomes of JOY are still open to empirical investigation (Pham, 2004). It is, for instance, still unknown whether an investment in a customer's JOY also affects long-term purchase behaviour (Alba & Williams, 2013). Assuming retailers act reasonably in profit maximizing, one may infer that JOY is a far more important ingredient for more sustainable emotions or cognitions than assumed before.

Summing up, this study intends to shed light on and solve the short-term investment paradox by investigating the emotions of OT and JOY within a field-study context. Specifically, this research attempts to address the following research questions: Does the short-term feeling of JOY have an influence on long-term feeling of OT? What are the relevant mediators and moderators that might influence those two important emotions? Is it necessary to have both JOY and OT emotions when selling hedonistic products? By answering these questions, our analysis makes two essential contributions. First, the construct JOY, its theoretical roots, and empirical operationalization are critically discussed. Second, with the help of a 214-participant field study in a retail chain, this article examines whether JOY has a direct short-term or long-term effect on purchasing behavior, as for instance, Csikszentmihalyi (1998) assumes. The study additionally aims to understand JOY's relation to more sustainable emotions, which is why the construct OT is added to the investigation model. Finally, with respect to CT, we consider the cognition perceived value (e.g. product characteristic fulfilment) as a product-related mediator for both emotions (i.e., OT and JOY).

The results of the present study prove empirically that the impact of JOY on the customer's behavior is mediated by emotions of OT and the perceived value. The findings show that consumers trust less without JOY and purchase less without OT. It is drawn from the results that: (1) Companies shall be clear about the customer's perception of their product offer (hedonic vs. utilitarian) and adapt

their investments accordingly; (2) Retailers with hedonic products should keep investing in JOY, since investments in joy are an affordable way to affect OT, which in turn affects purchase intentions. Thus, the relation between JOY and OT can be characterized as mutually influencing. Further, JOY has only minor influence on the purchase intent while OT influences heavily the repurchase intent. (3) Perceived value acts as a product-related mediator for the emotions JOY and OT to influence a company's success. (4) Concerning moderator results, on the one hand, superficial information processing moderates the influence of OT on repurchase intention positively; whereas, on the other hand, early exit moderates the influence of OT on repurchase intention negatively.

## **THEORY DEVELOPMENT**

### **Emotions and Hedonic Consumption**

Emotions are a complex set of interactions between subjective and objective factors. Emotions can trigger affective experiences, initiate cognitive processes, activate widespread physiological adjustments, and result in behaviors (Plutchik, 2003). Emotions are unique feelings within interpersonal relationships arising from mental constitutions (Lyubomirsky & Dickerhoof, 2006). In order to completely understand the mental constitution of the emotions JOY and OT, the corresponding processes in the human organism and the resulting behaviour must be examined. During the past decades scholars have produced a multitude of studies based on CT (Lazarus 1991; Schachter 1971) and AT (Hirschman, 1983) as well as evolutionary explanations (ET) (Plutchik, 1991, 2003). From a CT and AT perspective, emotions arise as impulses about the individual's perceived environment. Emotions occur when certain stimuli are perceived individually and then are interpreted subjectively as impulses of this emotion (Sherman, Mathur & Smith, 1997). From an ET perspective emotions are adaptive processes. Besides the dynamic perspective, ET states that emotions have a purpose in the lives of each individual. There are impulses that do not need to be interpreted subjectively in order to be experienced emotionally and lead to specific behaviors (Plutchik, 1991, 2003).

Retailers are able to stimulate emotions via the social environment, service interface, retail atmosphere, assortment, price, and the retail brand (Verhoef, Lemon, Parasuraman, Roggeveen, Tsiros & Schlesinger 2009) and by addressing the customer retailer's need to be aware of the consumer's buying motives, which are experience-oriented (hedonic) and product-oriented (utilitarian) (e.g. Babin, Darden & Griffin, 1994). Utilitarian consumption is a practical, purposeful, rational and task-related activity such as searching for employer information, enhancing productivity or reading the newspaper. In contrast, hedonic consumption is a subjective, experiential, and phenomenological activity, like web surfing, shopping or watching movies (e.g. Babin, *et al.*, 1994). Utilitarian activities often involve

information processes and may be initiated by problem-solving, goal-directed, careful judgments whereas hedonic activities involve emotions like playfulness, excitement, increased involvement, joy, spontaneity or arousal (Arnold & Reynolds, 2003; Hirschman, 1983). Several studies have shown that most consumption activities have both hedonic and utilitarian motives (e.g. Childers, Carr, Peck & Carson, 2001).

## **Joy**

JOY was first mentioned by happiness researchers, whose community has gained increasing voice over the last few years (Bell & Blanchflower, 2010; Frey & Stutzer, 2002; Napier & Jost, 2008). JOY refers to the emotion people experience when they break through the limits of homeostatic – when they do something that stretches them beyond what they were – in an athletic event, a good movie or a stimulating shopping trip (Seligman & Csikszentmihalyi, 2000). Happiness advocates argued that happiness might stimulate short-term affective states such as JOY (Hellein & Saaksjarvi, 2011) depending on the consumer's personal values (Hartman, Shim, Barber & O'Brien, 2006) and life circumstances (Zhong & Mitchell, 2012).

JOY is distinct from pleasure and arousal (for an overview of the literature of pleasure and arousal see Ladhari, 2007 as well as Alba & Williams, 2013): Pleasure and arousal are emotions that come, rather, from satisfying homeostatic needs such as hunger, sex, and bodily comfort (Seligman & Csikszentmihalyi, 2000), whereas the concept of JOY requires the consumer to break through homeostatic limits. Addressing this gap, Csikszentmihalyi (1975) developed the so-called flow theory. The theory of flow gives a completely new angle to the emotional aspects of JOY. The theory of flow describes all the positive feelings that generate a flow state in the consumer's mind. In a consumption context this flow state may particularly emphasize the affects relevant to taking action, namely making a decision and finally purchasing the product (Koufaris, 2002).

Only some studies have applied the model of flow to hedonic consumption (Csikszentmihalyi, 1998; Ghani & Deshpande, 1994; Keller & Bless, 2008). The suitability of the approach was, for instance, already confirmed for online shopping (e.g. Novak, Hoffmann & Yung, 2000). Csikszentmihalyi (1993; 1998) argues that every human can experience flow independent of age, gender, cultural origin or social and socio-economical position. Money and alternative positive external attributes can provide comfort for flow but extrinsic stimuli are not essential, which is for instance also true for the feeling of happiness (Chancellor & Lyubomirsky, 2011; Dunn, Gilbert & Wilson, 2011). Instead, intrinsic rewards drive flow. In flow, people have a feeling of themselves working perfectly. Their focus shifts from themselves to the on-going task until their entire attention is absorbed by the task. Absolute devotion and intensive concentration on the action temporarily create a world without the typical problems and worries of everyday life (Csikszentmihalyi,

1993). In this state of being, results do not matter. It is assumed intuitively that the right decisions are being made (Csikszentmihalyi, 1975).

### **Organizational Trust**

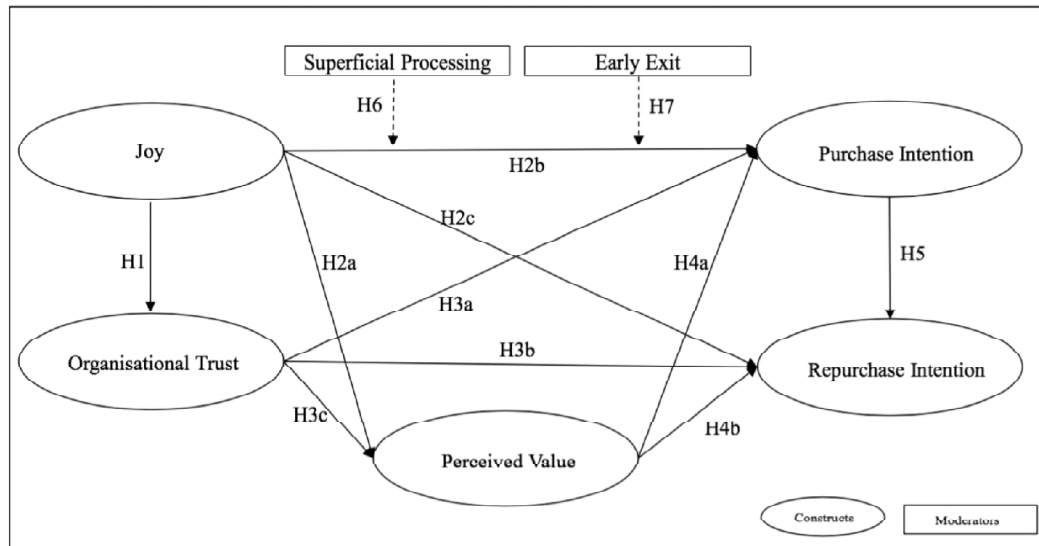
OT is one of several long-term emotions, but of central importance due to its increasing scientific and practical relevance (e.g. Andaleeb, 1996; Colquitt, McEvily, Perrone & Zaheer, 2003; Scott & LePine, 2007; White, 2005). While most research until the present has concentrated on trust on the individual level (e.g., Lewicki, Tomlinson & Gillespie, 2006), only limited research can be found regarding trust on the organizational level. Trust on the organizational level can be differentiated in terms of the referents of trust, such as trust in persons, teams or organizations (Fulmer & Gelfand, 2012). This study focuses on the consumer's trust in the organization. OT is defined here as the trustor's willingness to be vulnerable to the actions of a trustee based on the expectation that the trustee will perform a particular action (Ferrin, Bligh & Kohles, 2008; Mayer, Davis & Schoorman, 1995; Rousseau & Sitkin, 1998). The trustee in our analysis is the retail organization, while the trustor is the customer. OT is the expectation that an organization will behave in a trustworthy manner. This analysis includes on the one hand the aspect of vulnerability and on the other hand a positive expectation (Edwards & Cable, 2009; Van Dijke, De Cremer & Mayer, 2010), while there is OT research that either focuses on one or the other aspect (e.g. Ferrin, Dirks & Shah, 2006).

Two main theoretical lenses help to understand the underlying process of trust at the organizational level: social exchange theory, which especially addresses the dynamic process of developing trust over time, and transaction cost economic theory, which primarily focuses on the positive consequences of trust (Verbeke & Greidanus, 2009). Transaction cost economics argues that OT reduces complexity by limiting the room for decisions, which leads to cognitive relief but also causes risk (Bachmann, 2000; Deutsch, 1960). OT is, as such, understood as an uncertain (risky) input of the trustor (Cho, 2006; Luhmann, 1979), which in turn means that individuals are willing to be vulnerable (Mayer, *et al.*, 1995). The perception and evaluation of these risks is highly subjective. Besides risks, OT enables action and is often the basis for the formation of social relations as described in the social exchange theory, such as business relationships (Bachmann, 2000; Martin & Camarero, 2008). In this way OT leads, in a customer relationship, to a mutually high commitment (Dutton, Worline, Frost & Lilius, 2006): the willingness to support the partner as well as the evaluation of the partner's performance is high.

### **Hypotheses**

Figure 1 below presents the hypothetical model of our study. Beside the main constructs: JOY, OT, purchase as well as repurchase intention and perceived value,

we included two moderators: superficial processing and early exit. Table 1 gives an overview of the definitions.



**Figure 1: Overview of the constructs and hypotheses**

*Note:* Control variables are gender, purchase or no purchase, visit frequency, consultation aid, and group versus single-customer visits. Moderators were measured for joy and organizational trust.

### Joy and Organizational Trust

JOY and OT are highly relevant consumer emotions that retailers must address in order to be successful (Kilian, 2009). In the literature there is some confusion of the relationship between JOY and OT. There is no clarity whether the feeling of JOY is a pre-requisite for any feeling of OT. Vice-versa, there is no real proof whether a certain degree of OT is necessary for any feeling of JOY. From an ET perspective, the development of JOY and OT are adaptive processes. This means that feelings of OT and JOY occur if the consumer's perceived requirements are in balance with the perceived abilities of the organization. Those perceived requirements may also include emotions like JOY or OT. Consumers may feel an increased JOY because they trust the organization or they may feel an increased OT because they felt JOY when using organization's products.

Empirical results show that JOY produces positive effects such as pleasure, happiness and harmony (Csikszentmihalyi, 1998). Such positive feelings may stimulate feelings of trust in the retailer. Wu and Chang (2005) show, for instance, that both JOY and OT are key factors that strengthen in enhancing the online purchase intention. Rutter (2001) confirmed this interrelation by showing how the transition of JOY into certain behavioral patterns creates conditions that are

**Table 1**  
**Definition of constructs and underlying theories**

<i>Constructs</i>	<i>Definition</i>	<i>Sources</i>
Joy (JOY)	Joy refers to the emotion people experience when they break through the limits of homeostatic, which means to be fully absorbed by the activity and its novelty and to be free of self-doubt.	Affective Emotion Theory (AT): Hirschman 1983; Theory of Flow: Csikszentmihalyi, 1975
Organizational Trust (OT)	Organizational trust is the willingness to be vulnerable to the actions of a trustee based on the expectation that the trustee will perform a particular action.	Affective Emotion Theory (AT): Hirschman 1983; Theory of Organizational Trust: Mayer, <i>et al.</i> , 1995; Rousseau, <i>et al.</i> , 1998
Perceived Value	Perceived value refers to the cognition of consumers when assessing store image congruent to their self-image, and quality and price in comparison to competitive products.	Cognitive Emotion Theory (CT): Lazarus 1991; Schachter, 1971; Congruence theory: Hightower, Brady, & Bake 2002; Graeff, 1996
Purchase Intention	Purchase intention means the actual intent to buy a product or service.	Decision-making Theory and Behavioral Theory: Connor & Tynan, 1999
Repurchase Intention	Repurchase intention refers to the actual intent to buy a product or service after having already purchased once.	Loyalty Theory and Behavioural Theory: Reinartz & Kumar, 2000; Fornell, 1992;
<i>Moderators</i>	<i>Definition</i>	<i>Sources</i>
Superficiality	Superficiality means an unsystematic and unfocused information process to collect and integrate information.	Script Theory: Bower, <i>et al.</i> , 1979; Systematic Information Process Theory: Zuckermann & Chaiken, 1998
Early Exit	Early exit refers to spending less time than planned in a store.	Script Theory: Bower, <i>et al.</i> , 1979

necessary for OT. In turn, OT may give the consumer a feeling of comfort, which can help the customer to reach a state of JOY (Csikszentmihalyi, 1998). It is therefore assumed that OT and JOY mutually influence each other. Hypothesis 1 states the following:

H1: (a) JOY relates positively to OT, (b) OT relates positively to JOY.

### **Joy, Perceived Value, Purchase Intention, and Repurchase Intention**

Several studies can be found that explain the influence of customer emotions on cognitions and behaviors (Bitner, 1992). Consumer behaviour determines the

success of a single retailer and is multifaceted (Armstrong & Kotler, 2010). Thus, the analysis of the influence of JOY on purchase and repurchase intention is very relevant for companies. Similar importance exists for the relation of the emotion JOY and the cognition perceived value. Arguing from the CT perspective, JOY may need mediating support through the customer perceiving the product value in order to constitute mentally a fully reliable product experience. Such an experience might help to further influence purchase and repurchase intentions.

Empirical findings demonstrate the influence of positive emotions on hedonic product consumption (Doney & Cannon, 1997; Mano, 1999). Retailers have long planned their product and stores' atmospheric impact on the customer value perception using different stimuli such as music or employee sociability to improve customers' in-store emotions. Improvements in JOY lead to a desired perceived value and behaviors, which means a higher willingness to purchase and, in turn, a higher willingness to purchase again (Bitner, 1992; Csikszentmihalyi, 1990; 1993). In this phase, referring to ET, the customer's attitude towards a retailer is strengthened and the foundation for future behaviour towards the retailer is built. In order to assess the effect of JOY on consumer behaviour it has to be considered that the effect of JOY will end once the customer's experience of buying has ended. Since the literature argues that JOY seems to have a direct impact on consumer cognitions and behaviors in the short and long term, hypothesis 2 states:

H2: Joy is positively related to (a) perceived value and to (b) purchase intention and to (c) repurchase intention.

### **Organizational Trust, Perceived Value, Purchase Intention, and Repurchase Intention**

Several researchers have examined the role of OT in customer behavior decisions (Doney & Cannon, 1997; Pan & Zinkhan, 2006). In the social psychology literature and the general marketing literature, we find studies of OT concerned with decision-making. The majority of those studies focus on the extreme CT perspective, such as rational choice or behavioral decision theory (e. g. Cook, Yamagishi, Cheshire, Cooper, Matsuda & Mashima, 2005; Searle, Weibel & Den Hartog, 2011). From an ET perspective, other authors examine how OT might be expressed by action (e. g. Gillespie & Mann, 2004). Doney and Cannon (1997), for instance, investigate OT as the extent to which a retailer is perceived to be a source of valid assertions. If a retailer is so perceived, the customer trusts the retailer and is much more likely to purchase a product. The customer is then certain that the expectations of the product will be met, which is why more trustworthy retailers are assumed to be more successful than less trustworthy retailers.

Empirically, findings have already pointed out that highly trusted organizations induce more positive attitudes towards their products than do less trustworthy organizations (Kelman & Hovland, 1953). Those attitudes influence positively the



perceived value of the products, which in turn increase purchase and repurchase intentions. Studies in the online retail segment have already proved this stated influence of OT on behaviour (e.g. Cho, 2006; Pan & Zinkhan, 2006;). Not only in online retail, but also in general retail, developing OT in order to influence future customer interactions is to be considered a difficult but central endeavor (e.g. Doney & Cannon, 1997) Thus, the following hypothesis is proposed:

H3: OT is positively related to (a) perceived value, (b) purchase intention and (c) repurchase intention.

### **Perceived Value, Purchase Intention, and Repurchase Intention**

The perceived value of service and product is a central cognitive variable driving hedonic consumption decisions (Cronin, Brady, Brand, Hightower & Shemwell, 1997). This value may be constituted by the customer assessing the perceived quality (Hightower, Brady & Baker, 2002), the store's image and the price compared to the price offered by the competition (Graeff, 1996). It is apparent to managers and researchers alike that the point at which the product is experienced marks the moment of truth (Bitner, Booms & Mohr, 1994). From a CT perspective, when evaluating product value consumers compare benefits and costs associated with the purchase of a product (Cronin, *et al.*, 1997; Evans, 1991; Hightower, *et al.*, 2002; Lynch, 1985).

Higher perceived value is assumed to positively influence customer product preferences. In turn, image congruence increases the perceived value of service or product. Image congruence means that consumers are more likely to prefer products and retail stores that have images similar to their own self-image (Graeff, 1996). The literature has empirically proven this relationship with respect to consumer products (e.g. Grubb & Stern, 1971) and retail stores (Stern, Bush & Hair, 1977). In summary, a higher perceived value due to a better perceived product quality and image may increase purchase and repurchase intentions of the consumer. Thus, hypothesis 4 states:

H4: The customer's perceived value is positively related to (a) purchase intention and (b) repurchase intention.

### **Purchase Intention and Repurchase Intention**

Recently, companies have tried to enhance their customers' loyalty through retention programs (Yi & La, 2004). A lot of researchers operationalize loyal customers by measuring loyalty as high repurchase intention (Fornell, 1992; Ganesh *et al.*, 2000; Reinartz & Kumar, 2000). Empirically, short-term purchase intention has proven to affect long-term repurchase decisions (Mano, 1999). When consumers are clear about their purchase intention and have decided to purchase something, it has to be assumed that the consumers are confident about the retailer and,

therefore, might possibly revisit the retailer and establish a long-term relationship. Therefore, we add to the model the often-found positive relation between purchase and repurchase intention (e. g. Connor & Tynan, 1999; Simkin, 1996).

H5: Purchase intention is positively related to repurchase intention.

### **Moderating Effects**

#### *Superficial versus profound information processing*

In the literature, the intensity of information processing has proven to be a very relevant moderator of the consumption and purchase process (Zuckermann & Chaiken, 1998). The systematic information modus is an analytical process in which customers collect and integrate information to build up their judgment. In the case that customers take the trustworthiness of information as given, systematic processing is reduced and heuristics increased (e.g., Ratneshwar & Chaiken, 1991). Less trustworthy information demands customers enhance their information processes. Researchers generally argue that profound information processing allows less room for feelings of enjoyment or spontaneity (Bruggen, Foubert & Gremler, 2011). As an explanation, researchers found out that consumers often depend on scripts, which are proven activity sequences that speed up the information process during product purchase (e.g., Bower, Black & Turner, 1979). Product purchases that make use of such scripts usually end more quickly. Customers with a script are, therefore, less open to external stimuli, whereas customers without a script are more responsive to in-store advertising (Bucklin & Lattin, 1991).

As an explanation Mano (1992) empirically showed that individuals with higher levels of JOY executed simpler decision strategies, analyzed less decision-related information, and spent less time deliberating on subsequent decisions. Customers who planned their purchase process are assumed to generate fewer feelings of JOY and OT. Therefore, Hypothesis 6 states:

H6: The effects of JOY and OT are positively moderated by customers who process product information superficially.

#### *Earlier versus later exit than planned*

For a better understanding of the customer's attitude during the purchase process, the literature points out that actual versus planned time spent in store is a further relevant key moderator for emotions, cognitions and behaviors (Fasolo, Carmeci & Misuraca, 2009; Hornik, 1984). Researchers propose that spending more time than planned in making the purchase positively affects JOY and OT. Consumers might spend more time in the store than planned because they have been positively surprised by the store's atmosphere and its offered products and services (Hornik,

1984). Such positive surprise may make consumers lose control of their original consumption script, which allows them to be more receptive to emotions of JOY or OT (Block & Morwitz, 1999).

In contrast, consumers who exit earlier have decided to spend less time than planned in the store. Such consumers were probably negatively surprised at the store's atmosphere as well as the product and service offering. Therefore, such consumers skipped their original script, which leaves them with feelings of disappointment. Such disappointment makes them much less responsive to emotions like JOY and OT, and can even lead to distrust and frustration (Cottle, 1976). Hypothesis 7, therefore, argues as follows:

H7: The effects of JOY and OT on purchase and repurchase intentions are negatively moderated by early exits.

## **METHODOLOGY**

### **Data Collection and Respondent Characteristics**

The survey took place in a perfumery retail chain. In order to generate a representative sample and avoid a store bias, a focus group discussion with sales agents of the company's headquarters and clients generated three criteria that were applied when choosing the test store from the perfumery retail chain for the field study. First, the store was to be situated along major traffic flows in a commercial area with a broad set of other retailers and competitors. Second, the store was to use a price setting and product line as dictated by the headquarters. Product offerings consist of more than 95% luxurious beauty products, thus more than 95% are hedonic products. Only 5% of all products in this retail chain belong to utilitarian categories such as basic health products. Third, the store is managed in the same way as those of the entire retail chain: (1) The store operates under (strict) standard operating procedures and (2) has comparable management turnovers to other stores of the retail chain.

The data collection period lasted two weeks to ensure that we covered different days of the week and different times of the day. Customers filled out the questionnaires after they had been in the store and had experienced the environment. They were not obliged to purchase something in order to fill out the questionnaire. Response to the questionnaire required about ten minutes of consumers' time.

All in all, 214 customers participated in the field survey (88% females and 12% males). From the 214 participants, 125 people purchased and 89 did not purchase. The customers spent, on average, 17.5 minutes in the store. The longest stay of a customer was 60 minutes and the shortest was 3 minutes. Over 80% of the customers requested consultation. The average visit frequency of the customers in the sample

is three weeks. Over 25% of the sample visits the store with at least one other person.

## MEASUREMENTS

**Emotions.** Our central construct, JOY, was measured with reference to Csikszentmihalyi (1998). Three different affective sub-constructs named novelty, action and consciousness merging, and losing bias form the second-order construct JOY. Novelty is measured with 5 items addressing the customer's perception of extraordinary ambience, extraordinary products, store inspiration, shopping surprises and the willingness to try new things. Action and consciousness merging are understood as the perceived tidiness, orientation and clear product arrangement in the store. The evaluation of the atmosphere as well as the customer's degree of detachment during shopping and take up by interests are the three items of losing bias. OT was measured using three items adapted from McAllister (1995). The emotional constructs are measured on a 7-point Likert-type scale from 1 (strongly disagree) to 7 (strongly agree).

**Cognition.** Perceived value is measured according to Cronin *et al.* (1997) and consists of price and value estimation as well as the store image in comparison to the image of the competition's stores (Graeff, 1996). While the switching price perception of changing to the competitor is measured through a 5% interval scale from 1 (never) to 6 (<20%), the price value estimation is measured on a 7-point Likert-type scale from 1 (very bad) to 7 (very good). The consumer's preference for the store's product compared to the competitor's products is measured from 1 (very much) to 7 (not at all).

**Behaviors.** Purchase intention and repurchase intention are measured according to Chen, Monroe & Lou (1998) and Taxlor and Baker (1994). Purchase intention combines the likelihood of the purchase and the clarity of the purchase decision. The intent of the consumer to continue the relationship with the retailer and the consumer's willingness to purchase again are the two items of repurchase intention. Similarly, to emotions, behaviors were measured on 7-point Likert-type scale.

**Moderators.** In addition, we examined the moderating effects of superficial versus profound information processing and later versus earlier exit than planned. We sought responses about information processing by using a 7-point Likert-type scale from 1 (very detailed) to 7 (superficial); whereas exit was measured by asking if the time spent in store was 1 (much longer) to 7 (much shorter) than planned.

**Control Variables.** We also checked for influences of the variables gender, purchase or no purchase, visit frequency, consultation assistance, and group versus single-customer visits. While visit frequency is measured on a scale from 1 (purchase once a week) to 6 (less than every 6 weeks), all other control variables were based on a dichotomic scale.

## ANALYSIS

The system of hypotheses is formulated as a structural equation model and its quality is tested with the Partial-Least-Squares (PLS) approach. In addition, multiple regression calculations were conducted, which confirm the results of the PLS Model. Confirmatory factor analysis proved that action and consciousness merging, novelty and losing biases sufficiently load on JOY. Of the three affective items of organizational trust only two loaded sufficiently.

The measurement models and the structural model have to be observed in isolation due to the missing global quality criterion of the structural model (Hulland, 1999). The quality of the measurement models is evaluated using three quality criteria (see Appendix 3 and 4): indicator reliability, construct reliability and discriminant validity (Chin, 1998; Henseler, Ringle & Sinkovics, 2009). Indicators show sufficient reliability as their loadings are higher than 0.5 (Chin, 1998; McAllister, 1995). They are also highly significant (Henseler, *et al.*, 2009) and reliable as all indicators of one latent construct are strongly related to each other. Concerning discriminant validity, the Fornell-Larcker criterion is applicable for all factors (see Appendix 3). The determination coefficient R<sup>2</sup> provides a robust structural model with determination coefficients at the substantial level.

Non-response bias was not considered as a strong bias. We were not able to compare the first third of respondents to the last third of respondents in order to offset such a bias (Armstrong & Overton, 1977) due to the characteristics of a field study. However, we have two reasons that indicate this bias may not have any significant influence on the results. First, participants of the sample were approached and asked if they were interested in participating in the questionnaire. Second, participants were incentivized with external stimuli to participate in the survey. Both of these measures helped in reaching even the more reluctant consumers, which addressed the non-response bias.

Common method bias was addressed by clearly separating the independent and dependent variables in the questionnaire (Podsakoff, MacKenzie, & Podsakoff, 2003). Due to the length of the questionnaire (61 items), we were able to reasonably arrange and structure the questionnaire in a way to address the issues related to this particular bias.

## RESULTS

Figure 2 shows the final model, including all determination coefficients and path loadings, with levels of significance.

**JOY.** Despite the investigation of a hedonic retail market, the model shows no direct, significant effect of JOY on repurchase intention and only a minor relevant effect on purchase intention. JOY is, therefore, not able to solely influence purchase intentions nor, as such, short- and long-term consumer behavior. This central

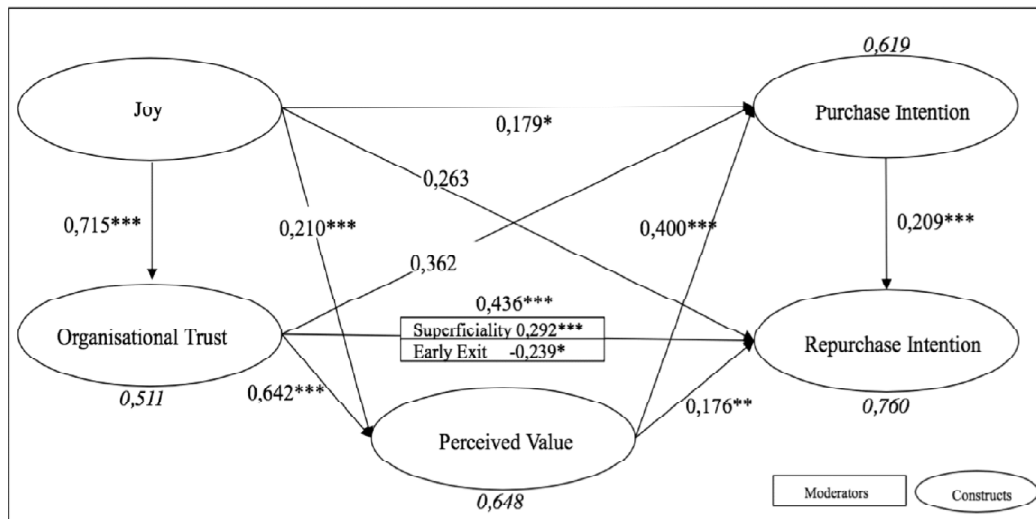


Figure 2: Model with loadings and levels of significance

Note: Control variables are gender, purchase or no purchase, visit frequency, consultation aid, and group versus single-customer visits. Moderators were measured for joy and organizational trust. (\*\*\*p = 0.01; \*\*p = 0.05; \*p = 0.1)

finding may be explained by JOY's emotional characteristics of hubris and euphoria, which do not last long enough to stimulate any consumer behavior. The results, however, still astonish. JOY's influence on the short-term purchase intention was highly expected due to earlier empirical findings and a thoughtful operationalization. JOY was assumed to have an outstanding direct influence on the purchase intention, especially in comparison to more sustainable emotions, as in this case OT. JOY was expected to drive impulsive decisions during the hedonic consumption process and, through those decisions, to drive the direct purchase behavior. However, the results show that JOY has no direct influence on customer consumption decisions. At a first glance, these findings contradict today's retailer behavior. Despite JOY's minor role retailers with hedonic products invest in joyful environments. JOY seems to be a construct with much less direct influence on decisions than was expected. So, why do companies with hedonic products focus on JOY at all, if it does not directly influence consumer-buying behavior?

**Organizational trust.** The model shows that JOY generates outstanding, strong positive effects on the sustainable emotion OT, with a path coefficient of 0.715. In addition, the determination coefficient of OT indicates that 51.1% of customers' trust in a retailer can be solely explained by their experience of JOY during shopping. Due to OT's high loading on repurchase intention (0.436), OT has an influence on long-term customer purchase intentions. OT interestingly does not act as an effective stimulus for short-term purchase behavior. WE think based on

these results that JOY works much more as a necessary door opener for other emotions that have a greater influence on decisions, as for instance OT. Investments in JOY are direct investments in OT and as such investments in long-term buying behaviors of customers. Via OT, JOY is able to have a significant influence on the business success of a hedonic retail company.

**Perceived value.** Perceived value works as a mediator for JOY's and OT's effect on the consumer decision process. The perceived value of the offered product is assumed to be slightly higher when a customer is having fun or experiencing enjoyment (0.201) and is assumed to be remarkably higher when the consumer trusts the retailer (0.642). This means that cognitive processes are influenced by the consumer's emotions, which may be explained by ET. Customers today associate certain feelings with the perceived product value, which also includes feelings of joy, fun or trust. If retailers are not able to offer such emotions, customers may perceive the product experience as being less valuable. In other words, customers get used to joyful and trusting experiences during the product experience and develop internal thresholds that need to be addressed by the retailer. When customers perceive the value of a product or service to be high, such a perception has a greater influence on the short-term purchase intention (0.400) than on the long-term repurchase intention (0.176). This finding may be explained by the fact that the value of hedonic products is generally evaluated at the moment of purchase in the store (Bitner, 1992), since hedonic products are often not repetitively consumable. This way the perceived value of hedonic products has less impact in the long term since hedonic products need to be re-evaluated to be purchased again.

**Purchase and repurchase intention.** Summing up the results, the actual decision to purchase is influenced in the short term by the perceived value and in the long term by feelings of OT. JOY, on the contrary, has only minor direct influence on the short-term purchase intention. The repurchase intention is also affected by the purchase intention (0.209).

**Early Exit.** With the help of a moderator analysis the influence of superficial information processing and early exits was analyzed. Early exits had a negative moderating influence between OT and long-term repurchase intention (-0.239). This finding can be explained by the fact that people who left the store earlier than planned may have expected more from the product experience than they actually received. In fact, 49.6% spent less time than initially planned in the shop, because the products and the ambience led them to do so. Such disappointments can lead to distrust or even frustration as the negative results of this study show.

**Superficial Processing.** The relation of OT and repurchase intention is also moderated by the superficiality of the information process. The group of customers who went through the purchase decision superficially displayed a positive

influence on the relation of feelings of OT and the repurchase decision (0.292). Such behavior can be explained by the fact that customers who trust the retailer evaluate less information when purchasing than do other.

**Control Factors.** All five control factors appeared to have no significant influence on the general model. Control variables are gender, purchase or no purchase, visit frequency, consultation aid, and group versus single-customer visits. This means that the generalizability of the entire model is strengthened, because there are no other relevant effects that might alter the results. This result is very relevant for the control factor purchase or no purchase, since the findings are now generalizable for purchasing and non-purchasing clients. Thus, retailers should invest in JOY because there is no difference between buyers and non-buyers, and a non-buyer has the potential to be a buyer in the future.

## DISCUSSION

Since reaching new customers is more expensive than keeping old customers, retailers should increase customer repurchase intentions. However, retailers' shop and product policies increasingly address the customer's short-term JOY, instead of addressing long-term emotions such as trust. Surprisingly, both SEM and multiple regression analyses prove that JOY does not directly drive purchase decisions. Despite previous empirical results (e.g. Baker, Levy, & Grewal, 1992; Koufaris 2002), this study measures only a minor direct effect of JOY on short-term and no direct effect at all on long-term purchase intentions. From our results, Csikszentmihalyi & Csikszentmihalyi (1992) seem to be wrong in arguing that JOY directly stimulates long-term feelings. On a first glance, JOY seems to be less relevant to consumers' decisions than has been assumed, which increases the short-term investment paradox faced by retailers.

However, the SEM model shows that JOY loads very high on OT and on perceived value. In this way JOY acts like an emotional gatekeeper or door opener for more substantial emotions or cognitions such as OT or perceived value. The AT perspective may be one alternative for an explanation. JOY demands similar affective commitments from the consumer as those demanded by OT (such as a certain willingness to accept vulnerability). Such construct overlap makes the two emotions more interdependent than previously assumed. JOY seems to be a necessary element that, although it might not initiate the purchase decision, might support the intent to purchase. In the e-commerce sector Wu & Chang (2005) have already shown a positive relationship between JOY and purchase. Our findings demonstrate that JOY is not a sufficient element, but is a necessary element that does not initiate but supports the intent to purchase. Investments in JOY have, from a retailer perspective, clearly shown to be a very worthwhile endeavor. First, JOY as explained above, is considered as an essential (though indirect) basic stimulus for consumers in order to generate customer retention. Second, and more



important, investments in JOY are assumed to be more efficient than investments in OT. In order to stimulate feelings of OT, customers need to be addressed with an individualized customer relationship management. Such a program is more expensive and complex than generating a fun and joyful shopping atmosphere. Retailers may perceive it to be easier to, and are also more knowledgeable in how to, generate customer JOY than OT. Therefore, high investments in sustainable emotions may not be profit maximizing at all. As a conclusion, the central investment proposition from the results is that retailers with hedonic products should keep investing in JOY, since investments in JOY are an affordable way to affect OT and even perceived value, which in turn affects purchase intentions.

### **MANAGERIAL IMPLICATIONS**

For companies these findings have a critical impact on the requirements of their sales organization and their investment strategies. Retailers need to arrange their stimuli alternatives such as store atmosphere or price (Verhoef, *et al.*, 2009) accordingly. As a rule of thumb, companies should be clear about their customers' perception of their product offer (hedonic vs. utilitarian) and adapt their investments accordingly. One question that might arise for practitioners is: How am I able to stimulate JOY? JOY is often wrongly understood by retailers as a margin game for consumers: the more consumers save, the more they have fun during consumption. Instead, consumers today expect a broader approach from retailers. Consumers feel JOY when entering an environment that stimulates feelings of euphoria and hubris through novelty and uniqueness of products, ambience and information. Price and quality are need only to be competitive, but are not elements of differentiation (Barrena & Sanchez, 2009). The concept of flow was, therefore, operationalized since it best describes the affective dimensions of JOY. The bottom line is that retailers must be aware of the dimensions of action and consciousness merging, experiencing something new and losing biases. Those dimensions have already been proved several times to influence a consumer's OT (Dobbins, Platz & Houston, 1993). Retailers do best in approaching these dimensions by creating a shopping world with elements that can be experienced such as rich information or novelty. First evidence of our findings can be seen in regard to fields like gastronomy. Companies in this field are convinced of concepts which include experiences during the processes of eating or ordering, where, for example, front cooking or theatre elements are installed during dinner.

### **FUTURE RESEARCH AND LIMITATIONS**

Only a few studies can be found that analyze the influence of OT on purchase intentions of customers (e.g. Doney & Cannon, 1995). Even fewer are found that investigate the relation between JOY and OT. Although this study proves that there is a strong correlation between OT and JOY ( $\beta=0.715$ ), there are almost no

studies on this matter, whether theoretical-conceptual or empirical ones (Lee & Chen, 2010). Future research could especially focus on utilitarian consumption or mixed consumption. Some literature already suggests antecedents and outcomes of utilitarian consumption (e.g. Barrena & Sanchez, 2009).

Analogous to the proposition above, we assume JOY maintains an important role for utilitarian and mixed product lines due to JOY's door-opening effect for sustainable emotions. Even some customer requirements for utilitarian products can be addressed with JOY dimensions such as novelty and experiencing. However, the repetitive element of utilitarian product consumption makes generating JOY a more complex endeavor than it is for hedonic product consumption. Scholars could also test further attributes of JOY, such as "feeling of stress and relief" or a "feeling of self-reward" (Keller & Bless, 2008).

## CONCLUSION

The paradoxical behavior of retailers, who primarily focus on purchase instead of repurchase intentions is solved. The results of this study show that an investment in JOY and as such in the actual purchase intention is an investment in the perceived value, OT and the repurchase intention. In solving this paradox, we make two major contributions. First, the characteristics of the short-term emotion JOY and the more long-term emotion OT are theoretically developed and related. The derived hypothetical model includes affective, cognitive and behavioral items. Second, the results show that customers purchase less without OT and OT less without joy.

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**Appendix 1**  
**Measurement of joy (higher order factor)**

	<i>Variables</i>	<i>Correlations</i>	<i>Components</i>	<i>KMO</i>	<i>CESSL*</i>
<b>Joy</b>	Exp. something new		0.886	0.706	75.694
	Act. & conscious.	0.576		0.826	
	Losing biases	0.725	0.602	0.897	

\*Cumulated extraction sums of squared loadings (%)

**Appendix 2**  
**Joy measurement models (first factor analyses)**

	<i>Variables</i>	<i>Correlations</i>		<i>Compo- nents</i>	<i>KMO</i>	<i>CESSL*</i>
Experiencing something new	Trying			0.806	0.815	63.646
	Extraord. Products	0.657		0.862		
	Extraord. Ambience	0.652	0.478	0.797		
	Inspiration	0.501	0.417	0.385		
Action and consciousness merging	Surprises	0.568	0.682	0.61	0.459	0.842
	Orientation					0.892
	Clear arrangemen	0.805				0.929
	Tidiness	0.474	0.573			0.766
Losing biases	Atmosphere				0.809	0.601
	Interests	0.359			0.768	63.764
	Detachedness	0.394	0.665		0.836	

\*Cumul. extraction sums of squared loadings (%)

**Appendix 3**  
**Discriminant validity of the measurement models**

<i>Construct</i>	<i>Max. squared correlation</i>	<i>Mean explained variance (&gt; 0.5)</i>
Joy	0.158	0.734
Organizational trust	0.209	0.749
Purchase Intention	0.352	0.711
Repurchase Intention	0.424	0.817
Perceived Value	0.424	0.614

**Appendix 4**  
**Quality criteria of the measurement models**

<i>Criterion</i>	<i>Cronbach's alpha</i>	<i>Mean explained variance</i>	<i>Internal Consistency</i>
Joy	0.818	0.743	0.892
Organizational trust	0.674	0.749	0.899
Purchase Intention	0.78	0.817	0.856
Repurchase Intention	0.595	0.711	0.821
Perceived Value	0.614	0.686	0.831