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**When Brands Invite you for a Cup of Coffee:  
An Exploration of the new Phenomenon of “Brand Ca-  
fés” and its Effect on Brand Equity**

*By:*

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# When Brands Invite you for a Cup of Coffee: An Exploration of the new Phenomenon of “Brand Cafés” and its Effect on Brand Equity

*Effi Balandies, Rueisen Huang, Alexandra Raymaekers*

## Abstract

**Purpose:** This paper aims to investigate the newly discovered phenomenon of Brand Café and the components of brand café experience to further understand how it could be applied by brands to enhance brand equity.

**Design/methodology/approach:** This paper is an exploratory paper which adopts a qualitative study method. A theoretical framework is constructed through consulting secondary data from academic journals, and three semi-structured interviews for primary data are conducted to validate the assumptions.

**Findings:** The research demonstrates that brand café can function as a tool for brands to enhance their brand equity through creating a unique brand café experience.

**Research limitations/implications:** The reliability of the paper is limited due to the relatively small size of primary data source. The generalizability of the proposed framework has its limitation since only two brands from its own industry are studied. Further research into the area of brand café is encouraged, with for instance different industries and quantitative methods.

**Practical implications:** This research proposes a managerial tool for building brand café experience and provides an understanding that such experience can be used to increase brand equity.

**Originality/value:** Plenty of research within brand experience is currently available. However, when it comes to studying the connections between this concept and brand equity in the context of brand café, this paper is the first of its kind. The brand café experience framework is also the first conceptualization of brand café experience with no similar models available prior to this study.

**Keywords:** Brand Café, Brand Experience, Brand Equity, Brand Extension, Hermès, Hello Kitty

## Introduction

In today’s consumer society many people have heard of the term flagship store or have visited such a store before. However, how many people are familiar with the original meaning of this term?

The term was used in the navy to describe the ship which was the lead in a fleet (The Balance, 2017). Being the lead ship usually meant being the largest or most well-

known or having the best weapons (The Balance, 2017). Today, the term carries a more general meaning which symbolizes being the best or most important one of a group or system (Dictionary, 2017). In the retail industry, the term flagship is used to describe stores of retail chains that are either in a primary or prominent location, are the largest store of the chain, have the largest variety of products, make the most profit or have the most distinct interior design compared to other stores of the chain (The Balance, 2017). In either way,

flagship stores act as a showcase for a brand providing brand experience and in some cases even functioning as a tourist attraction (The Balance, 2017).

In the increasingly competitive market, brands constantly need to find new ways to attract new customers and increase the loyalty of their already existing customer base (Dolbec & Chebat, 2013; Jones et al., 2010; Moore et al., 2010). In terms of marketing strategies, an excellent brand experience is a key factor for brand success (Atwal & Williams, 2017). Moreover, the importance of point of sales and different touch points is increasing as customers wish to interact with the brand in different ways (Stein & Ramaseshan, 2016). Flagship stores are one way of providing customers with an excellent and unique brand experience (Dolbec & Chebat, 2013; Manlow & Nobbs, 2013; Moore et al., 2010). Brands use flagship store as means to build a strong brand image and customer relationships by delivering their ideology and values through these stores (Kozinets et al., 2002). An advantage of flagship store is that brands have full control over the brand values they are trying to convey as well as the design of the store which will both have an impact on the consumer's perceptions (Kozinets et al., 2002). Moreover, brands provide education as well as exclusive brand-related entertainment through these stores which aim at strengthening customer's loyalty and building brand equity (Kozinets et al., 2002).

Recently, a new phenomenon called "brand café" has emerged. Similar to flagship stores, brand cafés are regarded as touch points where unique brand experience is created (South China Morning Post, 2017). The concept of extending the brand into brand cafés has been adapted by different brands from the luxury fashion industry such as "Armani" (Vogue, 2013) to the more generic brands like "Muji" (Café & Meal MUJI, 2017) and even famous cartoon characters such as the Swe-

dish/Finnish "Mumin" (Moomin, 2017). The phenomenon spreads across continents in Asia, Europe, and North America.

Looking at the trend of brand cafés, this paper aims to delve into how brands use the notion of brand café as an instrument to create a brand experience and how this experience contributes to enhanced brand equity. The next section of the paper consists of an extensive literature review of brand experience, brand equity and extension, which leads to a definition of brand café. The brand café experience framework is established and later applied to two case studies. The methodology section suggests a qualitative research approach with three in-depth interviews regarding Hello Kitty and Hermès café experiences. Finally, based on research and case studies, this paper concludes with a discussion of the findings and the managerial implications.

## Literature review

### *Brand experience*

What is brand experience? How and when does it occur? What is its relationship with brand equity? In this section, we will delve into brand experience to gain more insight.

The concept of brand experience is conceptualized as subjective, internal consumer responses (sensations, feelings, and cognitions) and behavioral responses evoked by brand-related stimuli (Brakus et al., 2009). The authors also suggest that the brand-related stimuli include marketing-related brand aspects, such as packaging, design, and marketing communication.

Previous marketing research has indicated that brand experiences occur when consumers search for the information of the items, shop the items in stores, receive service from the brand or consume the purchased goods (Arnould & Price, 1993). Consumption experiences are multidimensional and include hedonic dimensions,

such as feelings, fantasies, and fun (Holbrook and Hirschman, 1982). Service experience takes place when consumers interact with physical environment and personnel of stores (Kerin et al., 1992). Thus, the concept of brand café can be understood as a brand experience in which consumers consume coffee in a brand-specific environment with staff catering to their needs.

Several previous studies also made an effort to identify measurable dimensions of brand experience. Holbrook and Hirschman (1982) propose the Thought-Emotion-Activity-Value (TEAV) model with four dimensions as a framework. Pine and Gilmore (1998) classify experiences into four “e”-categories: entertainment, educational, esthetic (aesthetic) and escapist. Apart from conceptualizing brand experience, Brakus et al. (2009) constructed a brand experience scale with four dimensions: sensory, affective, behavioral and intellectual. These dimensions were validated by empirical evidence through explorative and confirmatory factor analysis in the same study. Schmitt (1999) identifies five different types of experiences: sensory experiences (SENSE), affective experiences (FEEL), creative cognitive experiences (THINK), physical experiences, behaviors and lifestyles (ACT) and an appeal to relate an ideal self (RELATE).

Some researchers have already tried to examine the influence of brand experience on brand equity. For instance, Shamim and Muhammad (2013) have validated in their research that brand experience has a direct effect on customer-based brand equity. Cleff et al. (2014) also found that brand experience is positively related to brand equity. Other studies suggest that brand experience has a positive effect on customer satisfaction and brand loyalty (Brakus et al., 2009; Pine and Gilmore, 1998). Hence, brand experience delivered through the brand café concept will contribute to brand equity.

### *Brand equity and brand extension*

Brand equity has been defined as the value that a brand name adds to a particular product (Pitta & Katsanis, 1995). Keller (1993) defines it as the differential effect of brand knowledge on the response of consumers to the marketing of a brand. It represents how consumers know about the brand and recall some strong, favorable and unique associations (Pitta & Katsanis, 1995). The first task of the manager is to create brand awareness; then managers should create an image which contains positive brand associations (Pitta & Katsanis, 1995). According to Keller (1993), a brand has a positive brand equity when consumers react in a more favorable way to its marketing mix elements in comparison to another brand, whereas Aaker (1991) divides brand equity into four dimensions: brand awareness, brand associations, perceived quality, brand loyalty.

As brand equity is viewed as an investment, managers often consider extending it to another product (Pitta & Katsanis, 1995). This is called brand extension. It consists of using individual brand names for different products which do not have a connection to each other (Pitta & Katsanis, 1995). There are two types of brand extensions: horizontal and vertical extensions (Kapferer, 2012). The former extends an existing brand name to a new product in the same product category (Pitta & Katsanis, 1995). The latter introduces the brand in the same product category but with a different quality and price (Pitta and Katsanis, 1995). Additionally, it is essential to look at the distance of the extension from the core product as some extensions can be distant and can rely on the positive associations from the parent brand (Pitta and Katsanis, 1995).

However, according to Pitta and Katsanis (1995), brand extensions can have negative effects on brand equity, for example, on the core product in the case of an unsuccessful brand extension. This is called brand equity dilution (Loken & Roedder,

1993). Even in the case of a successful brand extension, the brand equity of the core product might diminish, this is called equity wear-out (Pitta & Katsanis, 1995). However, according to the authors, a core brand's positive associations can be valid across product categories and can add a well-defined image to the extension. In this case, the brand extension can reinforce the brand image of the core product (Pitta & Katsanis, 1995) A brand extension can also impact brand loyalty as it is one the main dimensions of brand equity (Aaker,1991). Thus, a closer look at the concept of brand loyalty is required.

### *Brand loyalty*

Brand loyalty can be defined as a pattern of consumer behavior where consumers become committed to a brand and make repeat purchases from the same brand over a long period (Investopedia, 2017). As a result of greater customer loyalty, a brand may gain greater market share and may be able to charge a premium price (Chaudhuri & Holbrook, 2001). However, in some cases, the nature of brand loyalty is unclear because many consumers are also loyal to low perceived quality products or services (Hem & Iversen, 2003). According to Kapferer (2012), a proliferation of brand extensions can undermine brand loyalty. This is another potential negative effect of brand extensions.

### *Brand Cafe Defined*

In this dynamically competitive environment, brands are increasingly forced to innovate their marketing instrument in accordance with customers' changing needs at each point of sale (D'Aveni et al., 2010).

The newly emerged concept of brand café can be applied to brands that extend into the café industry. To date, studies that discuss the phenomenon of brand cafés remain scarce. Nevertheless, flagship stores and brand cafés are similar in the way that both are an instrument for brands to create

consumer experience. As Thompson and Arsel (2004) describe, by combining brand-sponsored products and distinctive-themed servicescapes, brands can facilitate certain kinds of experience and social interactions. However, what distinguishes brand cafés from flagship stores is that, rather than displaying prototype products, brand cafés seeks to create consumer experience through interior design, architecture, and atmosphere (Lury, 2004). Moreover, brands try to interact with customers at places where they are spending their free time. It is all about appealing to your customers by providing them with a space where they can socialize with like-minded people or a place for people who are curious about meeting the brand (Campaign Asia, 2013). Brand cafés are also a way for brands to keep loyal customers with them since dwell time is higher in these brand cafés compared to normal shops which means that customers have more time to experience the brand and build a stronger relationship (The Business of Fashion, 2015). In some cases, brand cafés can be a temporary experience which can create interest and buzz by inviting as many people to visit before it closes, hence preventing customers from losing interest in the brand (WWD, 2017). The curiosity of consumers is also enhanced by the growing need of Millennials to take nice pictures to update their social media platforms (WWD, 2017).

Interestingly, many luxury brands, especially fashion brands started to open these brand cafés. With this strategy, luxury brands invite everyone, even people who could never afford their actual products, to experience the luxury lifestyle (Campaign Asia, 2013). For example, prestigious brands such as Armani adapted to this concept. Giorgio Armani explains his intention behind opening a brand café as: "I've always wanted to create a complete Armani lifestyle that reflects my ideas and can be applied to different areas, not just fashion. Restaurants and cafés seemed a

logical expansion.” (The Business of Fashion, 2015). Another important insight to the industry is, that food is in fashion now and it is almost like “glue for retail” (The Business of Fashion, 2015). By providing consumers with a good experience which also supports the image that consumers have of the brand, the brand café can create positive feelings and memories that will be associated with the brand (The Business of Fashion, 2015).

However, there is a perceived risk of brands opening brand cafés. As mentioned previously, for luxury and premium brands there is a risk of brand dilution when allowing anyone to visit the café (Campaign Asia, 2013; Loken & Roedder, 1993). It will be difficult to control the types of customers that come to the café when brands start “... inviting the mass in with mass prices” (Campaign Asia, 2013). Additionally, a bad experience at the café in terms of food quality can also affect the likelihood of visiting the café again since food sometimes lies outside a brand’s core competency (Campaign Asia, 2013). Nevertheless, brand cafés are not seen as means to generate revenue but more as an addition to “the ecosystem of brand experiences” (Campaign Asia, 2013). Thus, applying the brand café strategy can help brands to engage their customers in an entirely new way.

To conclude, a brand café is defined as an instrument with which unique brand experience is created through distinctively-themed servicescape.

#### *Brand Café Experience Framework*

To identify the characteristics of the brand café experience, past literature is reviewed. According to Bookman’s (2014) research about the creation of café experience, the author summarized that a café creates an experience through an organized space, and coordination of elements including interior decoration, location, architecture, and atmosphere. The author also suggested that brand experience can only be realized

by consumers’ active participation in discovering the themed environment. On the other hand, when consumers enter a café, order a beverage and linger there, they are invited to interact with and feel the concepts conveyed by the brands (Callon et al., 2002). Bell (2007) also suggested that brand cafés can provide a brand-based experience through similar values, meanings, and patterned living shared among consumers and brands. The statement is later validated by Bookman (2014) through an in-depth qualitative interview in her research. In the same study, the author also points out that when consumers visit a brand café, they are helping the brand realize its identity through a process of co-creation of brand values. Thus, based on previous research, the present study comes to conclude that a brand café experience should possess five pivotal elements: a spatial design that stimulates consumer’s senses, capability to intrigue consumers’ curiosity to participate in the brand further, interaction that seeks to invoke emotion, representation of shared lifestyle, and eventually the possibility for consumers to relate to brand values.

The framework presented in Figure 1 conceptualizes the elements of brand café experience. It is based on the previous literature review regarding café experience and the model of brand experience dimensions by Schmitt (1999).

#### *Spatial Design*

As Bookman (2014) summarizes in her study of café experience, the design of cafés, such as color, pattern, or label, oughts to be configured so that consumers would perceive that they are in a specific café as soon as they enter it. Based on the argument, and combining it with Schmitt’s (1999) dimensions of brand sensory experience, this paper proposes. Spatial Design refers to the stimulation created to consumers by the interior location, design, decoration and atmosphere of a brand café.

#### *Curiosity Arousing*

The experience in a café servicescape requires consumers' active participation in the themed surroundings created by the café to be embodied in consumers' mind (Bookman, 2014). On the other hand, as Arvidsson (2006) suggests, brand experience is not a ready-made concept by the brand but rather is co-generated by the brand and the participants together. Integrating the above-mentioned viewpoints, Curiosity Arousing suggests that the experience in brand café will arouse consumers' further curiosity about the brand and make them want to know more about it after the experience.

### *Emotional Stimulation*

Schmitt (1999) indicates that brands appeal to customers' affective experience through brand-related stimuli in a given situation. When it comes to the brand café context, Bookman summarizes that consumers are invited to branded space to feel the concept provided by the cafés (Bookman, 2014). Therefore, Emotional Stimulation denotes the stimulation to consumers' emotions through the interaction they experience in brand café.

### *Representation of Shared Brand Lifestyle*

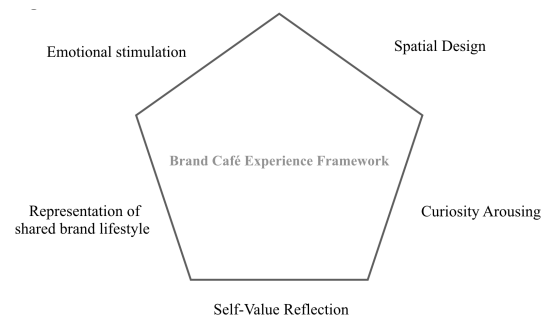
The dimensions of Representation of Shared Brand Lifestyle in the framework originates from Bookman's research where the author summarizes that café experiences provide a shared set of values, meaning, and living pattern between consumers themselves as well as consumers and brands (2014). Combining Schmitt's points of view about brand experience (Schmitt, 1999), Representation of Shared Brand Lifestyle indicates that brand café experience reminds a shared lifestyle among consumers and the brand.

### *Self-Value Reflection*

In his brand experience dimensions, Schmitt (1999) indicates that brand experience involves the social-identity dimension which "appeal[s] to individual's desire for self-improvement. They appeal to the need to be perceived positively by in-

dividual others" (Schmitt, 1999, p. 62). Bookman (2014) also suggests that cafés are places where consumers are involved in brand value co-creation. Thus, Self-Value Reflection is defined as consumer reflecting their values onto the brand with an intention to be perceived as the brand is.

The framework will be applied to practical cases of brand cafés to validate its applicability and its relationship with enhancing brand equity.



*Figure 1: Brand Café Experience Framework*

## **Methodology**

Since previous literature regarding the relationship between brand café experience and brand equity is limited due to its novelty, this research is exploratory, as it attempts to explore the knowledge and understanding of a new phenomenon that has not been studied before (Robson, 2002; Eisenhardt, 1989). An inductive approach is adopted as this study seeks to construct a theory with regards to the research question, and support it with relevant data acquired through the research process (Saunders et al., 2009).

For this paper, a case study was chosen as the research design. A case study approach involves doing an empirical investigation of the contemporary phenomenon of "brand cafés" within its real-life context (Robson, 2002). Two case studies have been selected: The Hello Kitty Café and



the Hermès Café. Multiple case studies have been incorporated to determine if the findings of the first case also appear in the second case which would provide a basis for more generalization (Saunders et al., 2009).

Since an exploratory study is being undertaken, qualitative interviews were conducted in order to validate the framework (Cooper & Schindler, 2008). For flexibility reasons, the interviews follow a semi-structured format (Saunders et al., 2009). However, a structure is kept to a certain extent in order not to suppress the explorative elements of the interviews (Saunders et al., 2009). Quantitative interviews would not have been suitable for this study due to the explorative character of this study (Saunders et al., 2009). Quantitative interviews are usually applied to studies in which researchers have a clear aim in their study or a hypothesis to test and are often used to collect numerical data, which is not the case for this research (McCusker & Gunaydin, 2015).

Three semi-structured interviews were conducted. One with a person who has visited the Hello Kitty Café and two with people who have visited the Hermès Café. Additionally, insights were collected from the blog posts of people who have visited the cafés. The sample size is small due to the time constraint for the completion of this research. The questions that were asked during the interviews included questions about consumer experience while visiting the cafés and the perception of the brand before and after the visit. Two of the interviews were conducted in English, and one was conducted in Mandarin over a video conference call on the application “Skype” and recorded on a telephone at the same time. Later on, one of the interviews was translated into English. The interviews were then transcribed and analyzed to find relevant information in relation to the research question.

The literature review, as well as, the framework was written based on different academic papers which were found on the Lund University online database and secondary sources such as brand websites, blog posts and news articles. The selection criteria of the journals were based on the relevance of the papers and not primarily on the publication dates. As for the secondary sources, numerous online articles were used to learn more about brand cafés since there are only a few academic research articles about this new phenomenon.

## **Empirical Results and Analysis**

In the following section, the framework will be applied to two real-world case studies to analyze the applicability of the framework and its relationship to brand equity.

According to this paper’s framework, there are five elements in the brand café experience: Emotional Stimulation, Spatial Design, Curiosity Arousing, Representation of Brand Lifestyle, and Self-Value Reflection. Through the literature review, this paper also infers that brand experience has a direct influence on brand equity, as it was validated in the previous study by Shamim and Mohammad (2013). This section starts with a brief presentation of each case study and continues with an analysis of the possible connection between the brand café experience framework and brand equity. This is done with the help of the secondary data from the case studies and the primary data collected from the in-depth interviews.

### *Introduction of the Hermès Brand*

Hermès was established in 1837 by Thierry Hermès and started out with the production of saddles (Hermès, 2016). It is a luxury brand that now encompasses men and women’s fashion, jewelry, leather goods and fragrances (Martin Roll, 2017). Today, Hermès has 307 stores around the world

(Hermès, 2017a). Hermès is known for starting trends and pushing boundaries, for this reason, it is one of the most important fashion houses in the luxury industry today (St. James, 2011). According to Martin Roll (2017), Hermès' brand strategy is consistent across all of its product categories.

### *Hermès' brand strategy*

Hermès' strategy ensures that the exclusivity of the brand endures and the luxury brand has put an emphasis on "patience" as one of its brand strategy elements (Martin Roll, 2017). Indeed, customers need to be patient and cannot expect to walk out of the store with a bag. While Hermès is proud of its heritage and long tradition, the brand is forward-looking and innovative (Martin Roll, 2017). Their aim is to "shake-up" tradition, reinvent and modernize (Hermès, 2016). Hermès' brand strategy is a typical umbrella strategy as all of Hermès' products have distinctive names, however, the brand name "Hermès" is at the center of all of the marketing and communication strategies (Martin Roll, 2017). Nonetheless, one product can stand on its own without the Hermès brand name: the Birkin Bag (Martin Roll, 2017). The Birkin Bag was created in 1984 by Jean-Louis Dumas after a talk with the actress Jane Birkin (Hermès, 2016; Martin Roll, 2017).

### *Hermès Café*

Hermès has several cafés around the world such as in Seoul and Tokyo. The Hermès Café that is located in Séoul is called Café Madang (Hermès, 2017b). In this café, customers can enjoy light meals, desserts and champagne. All meals are served with Hermès tableware and champagne is served in crystal glasses (Hermès, 2017b). Visitors of the café will be able to experience the true lifestyle of the Hermès brand (Hermès, 2017b).

Hermès has another café located in the Ginza neighborhood of Tokyo; it is a tiny café that has a private club feel as it only

has a few tables surrounded by some comfortable arm chairs (Nakada, 2014). When a customer orders coffee, it is accompanied by chocolate in the shape of a Kelly bag, one of Hermès' iconic bags (Nakada, 2014). An espresso costs 900 yen (USD 8) which is the best deal anyone could get from this brand (Nakada, 2014).

### *Introduction of the Hello Kitty Brand*

The Hello Kitty character was created by the Japanese company Sanrio more than 45 years ago (Martin Roll, 2016). The company was founded in 1960 by Shintaro Tsuji (Sanrio, 2017). Sanrio designs, produces and licenses products which focus on the « kawaii » or cute segment of Japanese popular culture and their products are sold worldwide (Sanrio, 2017). One of their characters is Hello Kitty who can be found in many different ranges of products (Campaign, 2003). Over the years, Sanrio has been able to adapt rapidly to the current trends by creating trendy products with Hello Kitty on them and this has been the key to its success (Campaign, 2003). Hello Kitty has become an icon and has mesmerized not only young girls but also grown-ups across Asia, America and Europe (Campaign, 2003; Martin Roll, 2016). However, Sanrio is very careful with brand extensions as the company does not want to overflow the market with Hello Kitty products that might be deemed inappropriately positioned (Campaign, 2003).

### *Brand Strategy*

The brand has had a consistent strategy over-time and was able to keep up with the times and constantly change by acknowledging the needs of consumers (Martin Roll, 2016). Hello Kitty is a very simple cartoon with a faceless but calm expression (Martin Roll, 2016). It does not have a pre-determined personality which enables people to personalize the cartoon and give it a unique personality, therefore, acting as a blank canvas (Martin Roll, 2016). This helps the brand to differentiate itself from competitors (Martin Roll, 2016). An-

other reason for the brand's popularity over-time is its co-branding strategy with a wide array of brands such as Swarovski and McDonald's (Martin Roll, 2016).

### *Hello Kitty Cafés*

There are several Hello Kitty cafés around the world. In Seoul, South Korea, there are currently two Hello Kitty cafés. One of them is located in the popular shopping area Myeongdong and the other one is situated in the popular student area of Hongdae which is surrounded by other modern cafés and boutiques, as described in Hallie's blog (2016). In her blog, Hallie (2016) mentions that the Hello Kitty café in Hongdae was reopened in 2015 after moving from a smaller location in the same area to the current location. Customers have to walk through a small alley until they arrive at an entirely pink building and when entering the café, customers will be greeted by pink everywhere (Ang, 2016).

On the first floor, there is the entrance to the café as well as a small gift shop. Furthermore, the building has a photobooth and extra photo zones in different rooms. The first floor is decorated like a living room with a faux fireplace and on the second floor, customers can find Hello Kitty's bedroom, as mentioned on Lexi's blog (2015).

### *The Application of the Brand Café Experience Framework*

In this part, each element of the framework will be applied to the above-mentioned cafés based on the results from the in-depth interviews. This is done in an attempt to examine the relevance of the framework in relation to brand equity.

### *Spatial Design*

Spatial Design refers to the stimulation created to consumers by the location, interior design, decoration and atmosphere of a brand café.

Regarding the experience in the Hermès Café, two interviews were conducted with Jinny and Christine about their experience

in the cafés in Seoul and Tokyo. The interviewees imply that the Spatial Design of the Hermès Café represents a major part of their brand café experience. Their perception of Hermès' brand image corresponds to the design of the cafés. The interior design of the café is described by Christine as:

*“The design of the store was mostly in a dark color, with the main decoration material being wood. It created a calm ambiance with a hidden sense of luxury. I think it matches the brand's image pretty well. They also apply Hermès unique pattern to decorate the interior.”*

In the interview with Jinny, similar feedback was also found regarding the interior design of Hermès. What Christine and Jinny describe here suggests that Hermès strives to build its brand experience based on its own image in consumers' mind through Spatial Design in their cafés.

Regarding the experience in the Hello Kitty café, one interview was conducted with Brenda about her experience in the café in Hongdae. It was found that the Spatial Design of the café is an important factor in the brand experience of customers. Brenda describes the interior design of the café as:

*“The first thing that I can think of is: just pink. Pink is everywhere. It felt like the colors made the room much more open. They use very light colors. They also have special designs. On the wall, they had a Hello Kitty cutout. It looked like there was a lot of planning behind it. It was on the chairs too. They had a photo booth.”*

Additionally, insights about the Hello Kitty café were found on a blog post written by Lexi (2015). She describes the Spatial Design of the café as such:

*“From top to bottom, the entire exterior is painted in three shades of pink with white trim and gold accents. The design itself reminds me of a life-sized dollhouse. The first floor of the cafe features a living room type of seating area, complete with*

*faux fireplace, lace and crystal accented chandelier lamps, flat screen TV and display cases full of various HK trinkets.”*

Lexi (2015) describes the furniture present in the café in a similar way to Brenda: *“The second floor holds more seating, complete with adorable signature metallic Hello Kitty shaped couches and arm chairs, framed Hello Kitty portraits and comfy little pillows. However, the most interesting thing of this floor would definitely be Hello Kitty’s very own bedroom!”*

For the Hello Kitty café, it is assumed that the intent of the brand was to enhance brand experience through the Spatial Design of the cafés by putting the Hello Kitty character on the wall, the chairs and using specific colors to put the customer at ease.

#### *Curiosity Arousing*

Curiosity Arousing is a brand experience element that arouses consumers’ curiosity about the brand.

From the interview results, this paper observes that the element of Curiosity Arousing plays a critical role in the interviewees’ experience in the Hermès cafés as it makes them want to know more about the brand. Jinny describes her experience there as:

*“Before then I didn’t know that they have kitchenware or they actually make blankets and cushions as well. They actually use these cushions as decoration. So I got to know more about the brand, product-wise so I think I got more interested in the brand.”*

In the other interview, Christine says:

*“The location of the café is quite hidden. In the deepest area of the floor where very expensive Hermès home decoration is displayed. I can recognize it as Hermès from the Kelly bag chocolate, the decoration, and tissue paper, and the utensils they served coffee with. To be honest, I was a bit surprised and felt welcomed. And I started to think about how many other*

*products there are under the name of Hermès.”*

The quotes here lead to the conclusion that the Hermès Café experience arouses curiosity with three strategies: their creativity in combining brand image and taste embodied by their Kelly bag shaped chocolate, the mysterious location that attracts consumers and finally the subtle inclusion of less-known branded items in the brand café’s servicescape.

Regarding the curiosity arousing factor applied to the Hello Kitty café, Brenda mentions that:

*“It was in a popular area and we were already in the area. And then we just found it and thought we should go in and see what it is all about. I think it is a one-time thing. You go there and you see what the hype is all about. And then you take the pictures”.*

This emphasizes the fact that people are curious about the brand café and want to look inside and discover what it is all about. The interviewee mentions that:

*“If they ever so often had a remodeling or like something else to attract me to go back again, I would probably go again. I think what happened was they used to be in Myeongdong and then moved to Hongdae. So they recently changed and they probably also changed what it used to look like inside. Knowing that in Korea retails change every so often, if they have plans to change it again I would probably go to the new location.”*

This quote emphasizes the fact that brand cafés need to find ways to stimulate the curiosity of consumers to attract them over and over again to their cafés.

To conclude, Hello Kitty stimulates the curiosity of consumers by putting their cafés in popular locations. Additionally, they recently remodeled their café. As a consequence, this attracts consumers to their new location because they are curious about what it looks like.

### *Emotional stimulation*

Emotional Stimulation denotes the stimulation to consumers' emotions in their experience in brand cafés.

Regarding Emotional Stimulation in the Hermès café, Christine showed excitement by seeing food in a typical Hermès bag shape:

*"I felt a little bit excited by the decoration and surprised by the welcoming chocolate as it was in the shape of the Kelly bag."*

When talking about the Emotional Stimulation element of the Hello Kitty cafés, Brenda said that:

*"I was happy. I felt like I was reliving my childhood. It brought back memories. I remember it was pretty cold too on that day so when I walked into the café, it felt so warm and welcoming."*

This quote emphasizes the fact that brand cafés can stimulate emotions and, in the case of Hello Kitty, create nostalgia and bring back memories. Consumers who enter the Hello Kitty cafés will go through a set of emotions. This is an important aspect of the experience in brand cafés.

### *Representation of shared brand lifestyle*

The element of Representation of Shared Brand Lifestyle means that brand café experience will create a lifestyle shared by participants and the brand.

Regarding this element at the Hermès café, Christine mentions that the visitors and herself fit the brand lifestyle in terms of fashion-consciousness:

*"Not many people were there but the ones who were there seemed to emit the same composition (well-composed, low-profile but wearing nice stuff) and I feel that I can blend in the ambiance quite easily."*

She also mentions that you have to truly know the brand or have a certain extent of knowledge of the brand to fully appreciate the café.

*"As I mentioned, it gave people a low profile luxury feeling, for example, they use unique pattern for interior decoration, which takes a bit of understanding of the brand to realize that they are there. Like it doesn't want to be too obvious but still waits to be found by someone who truly knows the value."*

Thus, Christine felt very exclusive as she feels like she understands the brand and the brand only addresses the people who truly know the brand.

In the case of the Hello Kitty café, Brenda thinks:

*"People come in because they like the girly aspect of Hello Kitty and I think I am girly too."*

Therefore, Brenda fits the girly lifestyle which the Hello Kitty café conveys and just like her, other girls might also be attracted to this girly lifestyle.

### *Self-value reflection*

The element of Self-Value Reflection means that consumers, in brand cafés, reflect their values onto the brand with an intention to be perceived as the brand is.

Regarding Self-Value Reflection, Christine emphasizes the mysterious and exclusive location of the Hermès café. Her knowledge of the café and her visit gave her a feeling of being different:

*"The fact that it was not easy to find and only fine people were at the café and of course the name of the brand made me feel like I was somewhat different from a lot of others."*

Regarding Self-Value Reflection, Brenda mentions that:

*"Maybe I will go again with another group of friends just to show them around. I would definitely say if they want to go for the pictures then I will take them there because it is a good picture place."*

Additionally, from the insights collected from a blog post, the blogger Lexi (2015) mentions that:

*“There are lots of cute “photo zones” inside and outside, which are perfect for all your selfie needs. It’s a cool place to check out especially if you’re just visiting. I’m sure even Non-Hello Kitty fans will be impressed!”*

For visitors of the Hello Kitty café, taking selfies and pictures to post on social media (Instagram accounts, for example) is an important factor when it comes to being perceived in the same way as the brand. Their brand experience will rely on this in some way.

#### *Brand Café Experience and Brand Equity*

The above analysis of the interviews leads to the conclusion that the framework can be applied to the real-world cases of Hermès and Hello Kitty when it comes to creating a unique brand experience. As previous research suggests, brand experience has a positive influence on brand equity (Shamin & Mohammad, 2013; Cleff et al., 2014; Brakus et al., 2009; Pine & Gilmore, 1998). Brand equity can be divided into four dimensions: brand awareness, brand association, perceived quality and brand loyalty (Aaker, 1991). This paper identifies a positive connection between brand experience and three of the dimensions above based on the interview results.

Firstly, after visiting brand cafés, it was found that brand awareness was increased. As discussed above, Jinny’s experience at the Hermès café made her more curious about the brand, while her brand awareness towards Hermès increased as she recognized the existence of other branded products:

*“Yeah, I actually wanted to buy their fork. Fork and spoons and knives. Those were pretty!”*

It is important to underline that increased brand awareness may result in future purchases.

Secondly, the feedback from the interviews expresses reinforced brand associations. All of the interviewees commented on the fact that their brand café experience fostered their existing perceptions about the brand, which is supported by the following quotes from Jinny:

*“Hermès is not really that extravagant. They are pretty to the point. They are pretty neat in design. So when I went there, the café was Hermès itself as well. It is pretty neat, having the white wall around there. It was an incarnation of Hermès as well.”*

Similar feedback from Brenda on the Hello Kitty brand café also supports the argument:

*“I’ve always liked Hello Kitty but going to the café just reassured my likeness for the character.”*

Thirdly, this study also unveils the connection between brand café experience and brand loyalty. The interview insights reveal that visiting a brand café can awaken the desire to purchase products from the brand in the future. Christine described how the experience affected her buying decisions:

*“I will buy something from Hermès again. I would say the experience with the brand store is quite consistent with that in the café and that consistency is something I would take into account when I think of buying from them next time.”*

Based on the quotes, it can be argued that the brand café experience enhances brand awareness and reassures customers’ positive brand associations, which leads to potential repeated purchases.

Additionally, as stated in the literature review, brand extensions can have a positive effect on brand equity but they can also cause brand equity dilution and wear-out (Pitta & Katsanis, 1995). According to the interview results, it has been found that

although the quality of the food served was mentioned as it did not live up to their expectations, that deficiency in quality did not, however, affect their perception of the brand.

## Conclusions

In conclusion, this research paper has explored the new phenomenon of brand cafés; it has been defined as the extension of a brand into the café industry and as a distinctively-themed servicescape where unique brand experience is created. Following the analysis of the literature, a brand experience framework, which comprises five different elements, was created and applied to two case studies: Hermès and Hello Kitty. After a thorough analysis of the qualitative interviews, all of the elements of the framework were found to be present in the Hermès and Hello Kitty brand cafés. It was found that this framework can be successfully applied to real-world cases. Even though, some aspects of the brand cafés did not match the brand image, the brand extension did not affect brand equity negatively. On the contrary, it was discovered that, in the case of Hermès and Hello Kitty, the brand extensions into cafés were successful and had a positive effect on consumers' brand experience which in turn affected brand awareness, brand associations and brand loyalty.

### *Managerial implications*

The framework developed in this research is a good tool for building brand experience for consumers in a brand café. If brands are considering to open a brand café, they can rely on the five dimensions of the framework to create a successful brand experience. However, brands have to be aware that the brand café concept is not suitable for every brand and will not necessarily enhance brand equity. Still, when the brand café strategy is adapted successfully, brands will be able to provide consumers with a completely new experience.

### *Limitations and future research*

A significant limitation of this research is that the framework is only supported by insights of five people who have visited brand cafés including one interview that was conducted in Mandarin. This is a limitation of this research because the meaning of some sentences could have been misunderstood during the translation process. The information collected from the interviews does not provide enough empirical evidence to prove the validity of the brand café framework as well as the different assumptions about the role and function of brand cafés. Furthermore, the generalizability of the brand café framework is limited, since only a luxury brand and character brand were analyzed. Future research should focus on analyzing brand café extensions of other brands in other industries to have a broader understanding of different aspects of the brand café concept. Moreover, it would be interesting to examine the impact that bad service and food quality could have on food and beverage brands that decide to open a brand café.

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## **Appendices**

### *Appendix 1*

Interview with Christine, visitor # 1 at Hermes Café in Ginza, Tokyo, 06/10/2017.

How did you hear about the brand/encounter the brand the first time?

- I have known the brand since I was 20 something years old. The age when you start to notice luxury brands and I think it was when I went to a shopping mall in Kaohsiung that I had my first contact with the brand.

How do you like the brand ... ?

- I like the brand a lot. In my opinion, it is a brand that stands for high-end luxury and authentic craftsmanship.

Had you ever heard of the brand before visiting this brand café?

- Yes.

Have you ever bought anything from ... ?

- Yes, I have a 30 years antique bag from Hermès, and also other bags as well as leather accessories.

How did you hear about the café?

- A friend of mine told me there's a Hermès café inside of the Hermes building. That's how I got to know this brand has a café shop in the first place.

Why did you go there?

- I went to visit the Hermes building in Ginza, shopping, and after the shopping, my friends and I took a rest there in the cafe.

Would you go again?

- Probably if I went shopping again I would drop by.

What is the first thing that comes into your mind when you think of your experience at the café?

- The interior decoration reveals a low-profile, yet luxury atmosphere, just like how I feel about the brand.

What other things do you remember about your experience?

- The location of the café is quite hidden. In the deepest area of the floor where very expensive Hermès home decoration is displayed. Hard to find, and there were no obvious signs that guide you to the café as if they don't want people to find it.
- When in the café, I consciously observed the other people who were also there. I like to observe people and I find it interesting because on that day, not many people were there, but for the ones that were there, they seem to emit the same composition (well-composed, low-profile but wearing nice stuff) and I feel like I can blend in the ambience quite easily.
- The fact that it was not easy to find and only fine people were at the café and of course the name of the brand made me feel like I was somewhat different from a lot of others.

What kind of emotions did you have when you were at the café?

- I felt a little bit excited by the decoration and surprised by the welcoming chocolate as it was in the shape of the Kelly bag. During the rest of my time there, I felt quite calm.

What was your impression about the design of the store?

- The design of the store was mostly in a dark color, with the main decoration material being wood. It created a calm ambience with a hidden sense of luxury. I think it matches the brand's image pretty well. They also apply Hermès unique pattern to decorate the interior. Quite subtle and elegant.

Were you satisfied with the service/product (coffee, dessert)? If yes/no, in what way?

- I was satisfied with the service. It is a very Japanese style of service. However, the product (coffee) itself did not leave much impression.

Does the experience you have in this brand café fit or affect your lifestyle?

- The experience there I think fits my lifestyle. As I mentioned, it gave people a low profile luxury feeling, for example, they use unique pattern for interior decoration, which takes a bit understanding of the brand to realize that they are there. Like it doesn't want to be too obvious but still waits to be found by someone who truly

knows the value. However, sometimes, they are not shy from being recognized as they present you the Kelly bag chocolate. I also share the same philosophy of life. I do have some items from Hermès which are low-key, and also those that are more recognizable. It is like to lead a somewhat distinguished life from others, which can only be deciphered by people who share the same understanding, as to most of the other people, it remains low-profile as usual.

What do you think are the brand values?

- a brand that offers true craftsmanship, true luxury, without conspicuous expression.
- a brand that can distinguish your social status, and create a sense of exclusiveness only shared by a limited number of people.

How can you recognize the brand from its brand café? (layout? design? logotype? experience? etc )

- I can recognize it as a Hermès from the Kelly bag chocolate, the decoration, and tissue paper, and the utensils they served coffee with. To be honest, I was a bit surprised and felt welcomed. And I started to think about how many other products there are under the name of Hermès.
- The location of it also can be a strong notification.

Did your visit to the café change your perception about the brand?

- to be honest, no. Since I already have my own opinion about the brand. my experience there to say the least is a reassurance of my opinions.

Were you more curious about the brand after your visit?

- No. But maybe it's because that's not what they wanted, or maybe I know the brand to a certain level already.

After your visit at the café, did you feel like you wanted to buy something from the brand?

- I will buy something from Hermès again. I would say the experience with the brand store is quite consistent with that in the café. and that consistency is something I would take into account when I think of buying from them next time.

Would you recommend the café? Why?

- No, not if you go there only for the café. But it is worth dropping by if you happen to shop there. It would feel like being invited to a private lounge then.

## *Appendix 2*

Interview with Jinny, visitor # 2 at Hermes Café in Seoul, 05/10/2017.

How did you hear about the brand/encounter the brand the first time?

- Hermes is like a really high end brand and my mom likes that brand. She buys like bags or something. So that is how I got to know that brand, because of my parents.

How do you like the brand?

- The design is really classy and you never really get bored of it but the thing is, that I don't really like some designs because sometimes it is too old fashioned.

E: so you like more modern brands?

- Yeah like Chanel. I prefer Chanel. They are pretty chic and feminine as well.

Had you ever heard of the brand before visiting this brand cafe?

- Yes.

Have you ever bought anything from Hermes?

- Yeah, I bought "Twilly" which is like a short scarf that you can also put around the handle part of your bag and I bought some bracelets and a watch from there.

How did you hear about the café?

- Well... it is actually pretty famous in Korea. The brand itself is very famous in Korea. Because they have a café, they provide more opportunities to a broader range of people to experience the brand. So I got to know about it on SNS (the way people say social media in Korea).

Why did you go there?

- My mom actually asked me to go there with her. She saw an article in a fashion magazine and asked me to go there with her.

What is the first thing that comes into your mind when you think of your experience about the café?

- Well... noisy. The thing is, it is because of the way they built it. It kind of amplifies the noise. Even the words that are coming out of the people standing at the counter.



You can really just listen to what everyone is talking about. It was just very noisy and full.

What other things do you remember about your experience?

- They are using Hermes plates, Hermes kitchenware. I think it was pretty elegant and they actually built up on the experience that I had at the café. The bad thing was that their food was not that good. Even though they charge a high price for their food. I actually ordered curry rice but I had the worst curry rice there.

What kind of emotions did you have when you were at the café?

- I felt pretty comfortable there because the chair was very cozy. It was cushy and it was an armchair. It was a very pleasurable moment because the space itself was aesthetically pleasing. It was very beautifully decorated with some furnitures as well and they actually have some art box behind the café. It was kind of like a gallery. So it is a combination of a gallery and a café.

What was your impression about the design of the store?

- Hermès is not really that extravagant. They are pretty to the point . They are pretty neat in design. So when I went there the café was Hermès itself as well. It is pretty neat, having the white wall around there. It was an incarnation of Hermès as well as a café. Yeah, I think it was a pleasurable experience as well in terms of interior.

Were you satisfied with the service/product (coffee, dessert)? If yes/no, in what way?

- The service was ok. The poor food and the noisiness definitely affected my experience at the café. Actually after that I haven't visited the café again yet. My dinner perception of the café is that they charge high prices but still they are not providing as high quality food as it should be.

E: Do you think the fact that everyone can go to the café makes the brand appear more "down-to-earth"?

- Yeah. They still charge a bit higher prices than normal cafés but still students can go there to treat themselves. So I think it is pretty down-to-earth and they have some light meals as well which students can enjoy.

E: Do you think making the brand accessible to anyone will make the brand degraded?

- Not really. Well..., I think it is just a café and I see the café separately from Hermès. The café itself is from Hermès so I expect some quality and service from the café. But actually the experience of the café does not affect the brand itself. It only affected the experience at the café.

Does the experience you have in this brand café fit or affect your lifestyle?

- Since I am a student I don't have any income at the moment but my parents are pretty wealthy. I could afford to go there. So I think I would fit in there I guess? But I think the brand is for a much older generation.

What do you think are the brand values?

- elegant, high class, artisanship

From where can you recognize the brand from its brand café? (layout? design? logotype? experience? etc )

- They have their own Hermès pattern and this pattern was incorporated in the plates and kitchenware.

Did your visit to the café change your perception about the brand?

- No. Because I see the brand and the café separately. The café did not really affect my perception of the brand.

Were you more curious about the brand after your visit?

- Yeah. Before then I didn't know that they have kitchenware or they actually make blankets and cushions as well. They actually use these cushions as decoration. So I got to know more about the brand, product-wise so I think I got more interested in the brand.

After your visit at the café, did you feel like you wanted to buy something from the brand?

- Yeah, I actually wanted to buy their fork. Fork and spoons and knives. Those were pretty!

Would you recommend the café? Why?

- No, not really. If people really want to go for the Hermès branded café experience they can go there but I would not really recommend it in general. Because the food was not that good and there were too many people.

### *Appendix 3*

Interview with Brenda, visitor at Hello Kitty Café in Seoul, 03/10/2017.

How did you hear about the brand/encounter the brand the first time?

- I guess, how I found out about it was just looking online.

- Before that my dad would go to California and he would go to the Hello Kitty store and as a gift he would buy my sister and I Hello Kitty dolls and he would just give them to us when he came back from his work trip.
- If anything I just saw it in a store when I was really really little and just liked it because it was a cute cat.

How do you like the brand now?

- I think I grew out of it maybe because they target young girls. I don't see the need to collect it, so I grew out of it.

Had you ever heard of the brand before visiting this brand cafe?

- Yes.

Have you ever bought anything from Hello Kitty?

- I don't think I have ever bought anything because my dad would just go so often, that I have a little bit of everything. But I think I bought Hello Kitty chopsticks before.

How did you hear about the café?

- Before coming to Korea I was looking at different blogs. On most of them they had "you must go to the Hello Kitty Café". That's how I heard about it.

Why did you go there?

- It was in a popular area and we were already in the area. And then we just found it and thought we should go in and see what it is all about.

Would you go again?

- I was supposed to go again. Maybe I will go again with another group of friends just to show them around. I would definitely say if they want to go for the pictures then I will take them there because it is a good picture place. Yeah, so I would go again but with different people.

E: So you would only go there for the pictures basically?

- Yeah, I think the food is only ok but it just looks very pretty. I think we got coffee and it just tasted like coffee.

What is the first thing that comes into your mind when you think of your experience about the café?

- The first thing that I can think of is: just pink. Pink is everywhere and I remember it was pretty cold too on that day so when I walked into the café, it felt so warm and welcoming.

What other things do you remember about your experience?

- They had a photo booth. They actually had a lot of stuff to do! They had a museum, they had a little store where you could buy Hello Kitty stuff. They had so many options and different Hello kitty food. Yeah, I think it is not only just a café but it provides entertainment. So I'd say that's what makes it different.

What kind of emotions did you have when you were at the café?

- I was happy. I felt like I was reliving my childhood.
- It brought back memories.

What was your impression about the design of the store?

- It felt like the colours made the room much more open. They use very light colours. They also have special designs. In the wall they had a Hello Kitty cut out. It looked like they had a lot of planning behind it. It was on the chairs too.

Were you satisfied with the service/product (coffee, dessert)? If yes/no, in what way?

- Yeah! When we first walked in they were very friendly and they told us what to do and when we ordered the food, it came very fast.

Does the experience you have in this brand café fit or affect your lifestyle?

- People come in because they like the girly aspect of Hello Kitty and I think I am girly too. Guys would only go if their girlfriends make them go.

What do you think are the brand values?

- I think they are just trying to make the place an open place for everyone, everyone who likes the brand Hello Kitty. (She found it really hard to answer the question)

E: Think of the Hello Kitty as a person, what personality would she have?

- I don't know she does not talk... She is like a pet you always wanted. But as a doll, she gives you a sense of comfort and she is a friend that you can always have. She's not going to step on your toes she's not even able to talk but you know she's always there for you.  
So maybe her personality would just be girly, sweet, friendly.

From where can you recognize the brand from its brand cafe? (layout? design? logotype? experience? etc )

- On the food. They made Hello Kitty shaped waffles and they put the Hello Kitty face on the café with cocoa powder.

Did your visit to the café change your perception about the brand?

- No, I've always liked Hello Kitty but going to the café just reassured my likeness for the character.

Were you more curious about the brand after your visit?

- No, I don't think so. I just went to the café and after that I did not really pay attention. Because I don't think Hello Kitty is very big in Korea since it is from Japan.

After your visit at the café, did you feel like you wanted to buy something from the brand?

- No.

Would you recommend the café? Why?

- Yeah, I would recommend it. I think it is a one-time thing you go there and you see what the hype is all about. And then you take the pictures.
- If they ever so often had a remodelling or like something else to attract me to go back again, I would probably go again. I think what happened was they used to be in Myeongdong and then moved to Hongdae. So they recently changed and they probably also changed what it used to look like inside. Knowing that in Korea retails change every so often, if they have plans to change it again I would probably go to the new location. I wanted to go to the Hello Kitty café at Namsan tower. I really wanted to go and see what it is all about but I just never made it but maybe next time when I'm in Korea I will go!



Image 1: Hermès Café



Image 2: Hermès Café Interior Design





Image 3: Hermès Café Coffee and Chocolate



Image 4: Hermès Café Afternoon Tea





Image 5: Hello Kitty Café, Seoul Hongdae



Image 6: Hello Kitty Café Wall





Image 7: Hello Kitty Café Interior Design



Image 8: Hello Kitty Café Interior Design





Image 10: Moomin Café



Image 11: Moomin Café Coffee





Image 12: Muji Café



Image 13: Armani Café