Chapter 7
Designing In-Store Atmosphere for a Holistic Customer Experience

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ABSTRACT

The chapter focuses on the design of the in-store atmosphere to create a holistic experience for customers. It investigates the Italian pharmaceutical context from the retailer's perspective to better understand how the new players (Health Corners into large retailers) and the traditional ones (pharmacies) manage the physical, social and sensorial dimension of the store to enable customers to live an immersive experience. The design of a successful in-store atmosphere is particularly critical in the pharmaceutical context as it reflects the increasing buying process complexity. Results reveal the key role of in-store communication activities to the creation of unique customer experiences. Furthermore, they emphasize how the management of the physical spaces, the creation of trustfully relationships and the stimulation of the customers' senses create a useful environment to positively affect the customers' cognitive, affective, emotional, social and physical responses to the retailer.

INTRODUCTION

The design of an in-store atmosphere to create a valuable and holistic customer experience is critical to the success of retailers and service providers (Grewal, Roggeveen, & Nordfält 2017). The holistic customer experience is a multidimensional concept that involves the customer's cognitive, affective, emotional, social and physical responses to the retailer (Verhoef et al., 2009); therefore, creating a favourable in-store environment driving successful and immersive customer experiences requires the design and the management of many elements that are both inside (e.g., service inter-face, retail atmosphere,

assortment, price) and outside of the retailer's control (e.g., influence of others, purpose of shopping) (Verhoef et al., 2009).

Firms and academics (Grewal, Roggeveen, Sisodia, & Nordfält, 2017; Lemon & Vehoef 2016; Verhoef et al., 2009) acknowledge the importance of managing the determinants of the in-store environment to build a retailers-customers emotional connection (Hultén, 2011), to engage customers at the cognitive, affective, emotional and social level and inspire their superior experience, to positively affect their perceptions and behaviours.

In the last ten years, the technological change, the new consumer behaviors (Choi & Kandampully, 2019) and the new institutional arrangements/market regulations (Edvardsson et al., 2018) reshaped the retail context and forced retailers to design the multiple dimensions of the in-store atmosphere according to a holistic service perspective (Bitner, 1992; Lin & Mattila, 2010).

An abundance of research has addressed the role of the atmosphere in the retail context (Donovan & Rossiter 1982) and has defined the service environment (e.g., servicescape; Bitner, 1992) as a resource that enable the customers value co-creation process (Hultén, 2011) by affecting the actors behavior outcomes (Bitner, 1992).

Because of the products complexity and of the highly buying process complexity the in-store communication is now critical to the design of a successful store environment atmosphere. The in-store communication is more than a single elements of the service escape; it becomes an empowering strategy that enhances the store atmosphere, displays, service and layout (Fam et al., 2011) and affects the customers flow in the store, as well as, their buying decisions by making them more skilled, aware and responsible of their consumption choices (Davies & Elliot, 2006) and by making easier their search process (Fam et al., 2011).

The availability of relevant information (e.g., price positioning, brand name, service and marketing communications) in the store, and the strengthening of the self-service practices (Bitner, 1992) forced retailers to reshape their sellers strategies to ensure the customers' freedom and control over the shopping process and pre-purchase product evaluations. Customers ask to touch and smell products and examine the texture, weight and packaging of products without time limitations before committing to purchases. These new customers habits have also been extended to traditional business that are highly experiential in nature and are strongly anchored on customer-seller trust relationships, as the Italian pharmaceutical retailer context.

The Bersani decree (legislative decree July 4, 2006, no. 233, law no. 248/2006) was a real breakthrough in drugs distribution which has produced the emerging of new market actors (i.e Health-Corners into the large retailers and parapharmacies) for sales of non-prescription drugs (OTC - *over the counter* and WMP - *without medical prescription* drugs), and a revolution in the marketing strategies of pharmacies. Accordingly, such context represents a suitable context of analysis to explore how retailers design and manage the different dimension of the in-store atmosphere to provide a holistic customers experience.

Therefore, according to the retailer's perspective, this study aims to highlight how retailers design the in-store atmosphere to engage the customer and influence his/her store experience. Specifically, the work investigates how retailers manage the physical, social and sensorial dimensions of the store (Melia, Colurcio, & Caridà, 2014) into the pharmaceutical context to inspire a holistic and immersive customer experience.

The chapter is based on a qualitative analysis approach (Yin, 2002); it is consistent with the aim of the research and with the complex and dynamic nature of the phenomenon. Specifically, the study has been developed through a longitudinal qualitative research which allows researchers to gather data over

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