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Bachelor thesis

“Customers’ expectations have never been higher”

A quantitative study of customers’ perceptions of customer experiences delivered by physical beauty and makeup stores in Sweden.



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Abstract

The aim of this bachelor thesis is to examine which experiential dimensions that are perceived as important for customers and how these dimensions are delivered by Swedish beauty and makeup retailers. The focus is to examine how their physical in-store environments succeeds with delivering extraordinary customer experiences. The thesis is conducted through a deductive approach and a quantitative research method have been implemented. Further on, the software Statistical Package for Social Science (SPSS) have been used to process the data collected from an online questionnaire. The empirical findings were then calculated into six variables that were analysed and discussed in relation to existing theories to strengthen and improve the research of customer experience. The thesis found that experiential dimensions of interaction, emotion, differentiation and in-store technologies are considered as important by customers within the age of 18-30, when creating extraordinary customer experiences in the context of beauty and makeup in-store environments. Moreover, the collected data prove that Swedish Beauty and makeup stores fails to deliver these four dimensions in the extent to create extraordinary customer experiences. Customers of today want new and interesting in-store environments, which means that retailers need to permanently elaborate their environments with unique design element within these dimensions to deliver memorable customer experiences. The result from this thesis can be used by beauty and makeup retailers and other industries to increase their delivery of extraordinary customer experience.

Key words

Customer experience, Beauty and makeup retailer, In-store environment, Experiential dimensions, Atmospheric, Sensory marketing, In-store technologies



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1 Introduction

In the introduction, a background for the phenomenon of customer experience and related knowledge will be presented. The chapter will then continue with a problem discussion. At last, the research questions and the thesis purpose will be presented and the delimitation of the thesis.

1.1 Background

During the past years globalization has changed the field of retailing, the access of ordering and shipping all over the world have made the competition for retailers wider and harder. This change has made differentiation crucial for retailers to compete and survive (Fletcher, 2010). Customers that spend time in physical retail stores have decreased over the past years. The reason for decreased time spent in physical stores are blamed on the phenomenon of e-commerce by many academics (Blázquez, 2014). The threat from e-commerce, retailers that only offer their products and services online, is real and something that physical retail stores need to differentiate themselves against (Nash, 2019). Even though the threat against physical stores is real from ecommerce and globalization, physical stores still play a key role for customers. By being innovative and using technology and services to add on extra values towards their core offer they can gain market shares by differentiating themselves from its competitors (Rese, Schlee and Baier, 2019). To compete and gain market shares on the global market, many retailers have developed multi-channel or omni-channel strategies. Strategies like these give the customer the ability to consume the retailer's consumer goods and services through several channels in a seamless way. That said, this thesis will focus on the phenomenon of physical retail stores and their ability to differentiate and add on extra values to compete towards their competitors.

For a physical retail store to be attractive, the in-store experience is important (Blázquez, 2014). One thing that affects the in-store experience is the store environment. The store environment is created by conscious decisions about the in-store design that creates an in-store atmosphere. The created atmosphere has an influence on customers' state of mind and behaviors in the store, which affects the customer experience (Blázquez, 2014).

The digital revolution has increased customers' expectations. Because of the digital revolution, the term empowered customers have evoked (Blázquez, 2014). Empowered customers expect retailers to offer their products and



services through several channels, and they want to shop through and between these channels in a seamless way, which is what differs the conventional customer and the empowered customer. To attract the empowered customers, retailers, need to offer shopping with experiential dimension because they seek exploratory shopping. These customers are important for physical retail stores because they tend to choose this channel when they want hedonic consumption (Blázquez, 2014).

When consumers base their purchases on intangible, subjective and aesthetic factors, they are exercising hedonic consumption. The term hedonic consumption is described by Hirschman and Holbrook (1982, p.92) as “Hedonic consumption designates those facets of consumer behaviour that relate to the multisensory, fantasy and emotive aspects of one's experience with products.” A customer's perceived experience from a specific brand, environment, product, or service is concerned with multi-sensory stimuli. The multi-sensory system consists of touch, sound, smell, taste and vision. These sensors can retailers use to stimulate and evoke different emotions for customers (Hirschman and Holbrook, 1982). When a retailer combines different stimuli, a multi-sensory stimulus is created. Customers want emotional arousal when consuming, and this is created by multisensory stimuli. The hedonic perspective differs from the traditional perspective in this way. The hedonic perspective has a view of customers that their purchases are based on intangible and subjective aspects, and that they seek emotional arousal when consuming. The traditional perspective on the other hand views customers as rational individuals that make purchases based on tangible features and seeks utilitarian (Hirschman and Holbrook, 1982). In fact, emotional desires overcome utilitarian desires for consumers (Maslow, 1968). Implementing a hedonic perspective and applying experiential dimensions when managing a retail store leads to favorable consumer behaviors (Tynan and McKechnie, 2009).

Before the pandemic of Covid-19 the beauty and makeup market were at its highest, it was in 2018 and because of the pandemic the market had a decrease in revenue all around the world. In the United States, the revenue from the beauty and makeup market decreased with 7.4%. One factor of why the market of beauty and makeup decreased is because big manufacturers and retailers had to close because of the restriction that occurred under the pandemic (Gardner et al. 2021). This had a negative impact on the revenue. Another impact the pandemic has had on the makeup and beauty industry is changes in consumer behavior. When people stayed at home because of the restrictions and started to work remotely, the need for makeup decreased. Customers did not have the need to use makeup in the same extent when they were working



from their computers at home (Gardner et al. 2021). This changes in consumer behaviors are important to examine and makes the topic of consumers perception about customer experience delivered in beauty and makeup stores important.

The past years have changed the market of physical retail stores. Changes in consumer behaviors have created the term “Retail apocalypse” which is a term to describe the death of traditional physical stores. Many physical retail stores over the world have been forced to close because of no customers visiting (Artusi et al. 2020). The phenomenon of the “Retail apocalypse” can be seen in Sweden as well. To overcome the apocalypse and stay relevant as a retailer, creative and innovative strategies of digitalization and customer experience have been implemented to create uniqueness and to become more attractive. By differentiation and by giving the customers new and interesting experiences, retailers can gain competitive advantages. A physical store should not be seen as just a point of purchase, rather it is a channel that can be used for communication where maximized customer experience can be created and where customers can be engaged with the brand. When a retailer succeeds in delivering a good customer experience, it creates positive memories about the brand and the physical environment. These memories are a consequence of successfully delivered values and benefits, which creates positive word of mouth and customer satisfaction (Artusi et al. 2020).

1.2 Problem discussion

1.2.1 Theoretical problem

During the past decades' customer experience has been researched in the context of retailing (Tynan and McKechnie, 2009). How to measure successful customer experience have been discussed among academics. Artusi et al. (2020) suggests that successful customer experience creates customer satisfaction and positive word of mouth, which could be seen as a measurement of customer experience. On the other hand, Klaus and Maklan (2013) states that the term, customer satisfaction, is not enough to measure successful customer experience. Their argumentation is that when using the customer satisfaction, the focus is on the service provider. Instead, in today's marketplace, customer experience is created constantly from interaction between customers and the company through several touchpoints. Instead, they argue that loyalty and recommendations are the terms to be used when measuring successful customer experience. In the competitive global marketplace satisfaction is not enough, customer experiences are set to bring



positive memorable experiences from the brand or the environment. Then loyalty is a term that better represents the behaviors from good customer experience (Klaus and Maklan, 2013).

Digitalization and technologies are well discussed in research in the context of in-store customer experience. Many researchers agree that technologies should be implemented in the store to increase the experience (Hoyer et al. 2020). Today's customers seek experiential dimensions where adoption of digitalization and innovative technologies are a necessity, and when adopting these, they must do it in an innovative and interesting way. Providing the possibility for customers to order online and pick up the purchased product in the store, or offering free Wi-Fi in-store, is today seen as a satisfier and not something that creates memorable experiences. Instead, it is the retailers that have technologies that stand out that can provide these experiences (Grewal et al. 2020). Jain and Bagdare (2009) argue that customers need to be engaged in the in-store environment. During different touch points, retailers should involve and engage their customers to stay relevant and attractive towards the customers. If a retailer fails with this, customers tend to get bored and stop visiting the store (Jain and Bagdare, 2009). Engaging technology is important for the creation of engaging interactions in these touchpoints (Bonfanti and Yfantidou, 2021).

By investing in in-store customer experience, retailers can differentiate themselves and gain competitive advantages (Bonfanti and Yfantidou, 2021). Because the “Retail apocalypse” has forced many physical retail stores to close, the ones that want to compete and stay alive in the future need to invest in customer experience. To meet customer expectations, retailers must become differentiated, unique and to offer experiential dimensions (Alencar de Farias et al. 2014). When setting the experience of an environment, the in-store atmosphere is a key factor. The store atmosphere sets the ambient in the store which affects the customer state of mind (Spence et al. 2014). Rese et al. (2019) argues that to set a store atmosphere, in-store technology and multisensory strategies should be implemented.

1.2.2 Managerial problem

The virus Covid-19 has affected the world in many ways. One effect of Covid-19 was the growth of online consumption. Hashem (2020) investigated the influence of Covid-19 on consumer behaviors. His findings showed that because of Covid-19, customers have an increased tendency and frequency now of consuming online than before the pandemic (Hashem, 2020). Despite



the acceleration of online shopping, physical retailing is not dead. Instead, positive effects have emerged when giving the customers the option to consume from physical stores. Physical stores are a touchpoint where brand marketing, showrooms of products can appear and service centers can take place, which are seen as an appreciated phenomenon for customers. This said, to be competitive in the market of physical retailing, the retailer cannot just operate above mediocre, it will not be enough. To compete in the market, physical stores must add something extra that makes them attractive and relevant (Dennis, 2022).

The effect from Covid-19 can be seen in Sweden as well, 2020 gave a 40% growth in the market of shopping online. Later 2021 the growth continued, and the market grew further with 20% (Handelsfakta, 2022a). Managing a physical retail store in Sweden for sure comes with difficulties. The threat from online shopping has rapidly increased during Covid-19, both in Sweden and in the rest of the world. From 2017 towards 2020 physical retail stores have decreased by seven percent in Sweden (Handelsfakta, 2021b). We live in an experiential economy, where customers seek consumption with experiential dimensions (Schmitt, 1999). Interactive technologies in store are one dimension to use when creating experiential consumption. But these technologies come with difficulties as well. Technology can have negative effects on both customers and employees. For example, self-checkouts, the technology helps the customer journey to become more convenient and seamless, but the interaction between employees and customers get lost which could have negative effects on the store experience. The store employees which are an important factor for the store experience could perceive technology as taking over their job, which brings negative internal effects for the retailer (Grewal and Levy, 2009). Internet of things (IoT) is a technology that is used to gather and use information to improve the experience of an environment, product, or a service. IoT is a powerful technology that can make the retailer get valuable information about the customers, and it can be used to make the customer journey more convenient and seamless. Still, the use of IoT is concerned with customer privacy issues, which retail managers need to be aware of. As digitalization and technologies develop, managers will be more precise when dealing with the privacy issues from conducting information (Hoyer et al. 2020).

1.2.3 Research gap

Based on the problem discussion above, the research on how to implement customer experience in a physical retail store needs to be further researched.



The gap found within this field is the consumer's view of how well the customer experience is delivered to them. The purpose of this thesis is to examine how environments of physical retail stores are perceived by customers and their perception about store atmosphere, in-store technologies, and multisensory stimulus. The topic will be researched in the context of makeup and beauty retailers. The market of makeup and beauty is big in Sweden, and we consider the market to have the ability to deliver experiential dimensions in a good way. This gap is important to examine for further research in the field and for managers to improve their physical stores and customer experience delivered in Sweden.

1.3 Research questions

From the theory presented in the introduction the following research question have been developed:

- *Which experiential dimensions do customers want when visiting beauty and makeup retail stores?*
- *What are customers' perceptions about beauty and makeup retailers' in-store environments in Sweden?*

1.4 Purpose

The purpose of this report is to examine customers' perceptions of experiential dimensions delivered to them within a context of beauty and makeup retailing and their physical stores. The thesis will examine the customer perception about customer experience delivered from these retailers in Sweden. The purpose is to examine specific experiential dimensions that existing theory suggest should be implemented in physical environments. This will gain important knowledge for managers how their in-store atmosphere is perceived by customers and how the different experiential dimensions affect customers. This research will contribute both managerial and theoretical.

1.5 Delimitation

Limitations for this thesis are drawn to customers in Sweden and their perception about retail in-store environments in Sweden. The respondents of this research will be customers from Sweden, and they will be asked questions about their perception about beauty and makeup brands in and their physical stores in general, no specific brands or stores will be considered. Instead, the



research is focusing on what experiential dimensions that they perceive as important and if these dimensions can be found at Swedish retailers. Within this thesis delimitation have been made to beauty and makeup stores in Sweden, retailers that customers being asked about should then be offering either beauty or makeup in their stores. We have chosen not to draw any demographic, psychographic behavioral and geographic delimitation of the respondents used in this thesis, with exception to that the respondents should have been visiting beauty and makeup stores in Sweden and will answer the question with Swedish retail stores in consideration. We have chosen to ask customers about their ages. This has been made because we want our sample of respondents to fulfil a certain richness from a specific age-interval for us to be able to use the data in this thesis.

The focus for this thesis will be on physical stores and their environment, still some retailers might have e-commerce as well, which will not be taken into consideration. The thesis is conducted through a Business to Consumer (B-C) market and from a customer's perspective, how they perceive experiential dimensions delivered in physical stores to create customer experience. This excludes a retailer perspective in this thesis. The concept of customer experience will in this thesis be presented from a broad perspective in the theory chapter to make an understanding about the concept. Then the thesis will focus on selected dimensions and factors that can be used to create customer experience, all dimensions and factors of customer experience will not be considered and will not be explained in-depth.



2 Conceptual framework

This chapter will present theories related to customer experience. Identifications of relevant terms and frameworks that are linked to the phenomenon will be made here, all together this chapter will create the conceptual framework for the thesis.

2.1 Customer experiences

The framework of experiential marketing views customers as individuals that seek pleasurable experiences through rational and emotional behaviors. The experiential perspective distinguishes from the previous, traditional marketing framework where customers are seen as individuals that follow a rational decision-making process and seeks utility of functional features and benefits (Schmitt, 1999). Pine and Gilmore (1998) were the academics that presented that we now live in an experiential economy and argued that business should apply an experiential marketing framework. In the experiential economy the competitions no longer are about offering the best utilitarian products and services, instead they argued that creating the best experience is the competition for business (Pine and Gilmore, 1998). When creating good experiential marketing, the sum of parts creates something better than the parts. Brands got more important for customers in the 90s which led to the transformation from traditional marketing towards experiential marketing, the industrial age were over and the revolution of branding, communication and information had begun. In the revolution of branding customers no longer choose products that had the best functions and features, instead they purchased products and services based on which brand that was connected to them (Schmitt, 1999). Now, the term Brand Equity becomes important. Brand Equity is described as, symbols and brand name are considered in brand equity as assets that are connected towards a brand and determines the Brand Equity (Aude et al. 2017). The experiential values of products and services are more important and replace the utilitarian values in customer experience (Schmitt, 1999). Today consumers have more channels and places to consume products from and the products to consume have become more similarly, that puts the need for companies to differentiate themselves from its competitors. Brand experiences have by then become important and are keen for product evaluation and to retain customers the creation of experiences is important (Urdea et al. 2021). Customer experience is not only created when in-store



evaluating products, but instead customer's experience of a brand is the sum of experiences from the whole customer journey (Roggeveen et al. 2020).

Later in 2004, Service Dominant logic (S-D logic) was presented by Vargo and Lusch. They argued that businesses should see themselves as service providers, regardless of if they offer products and services or both. The theory of S-D logic says that value is created through co-creation (Tynan and McKechnie, 2009). Co-creation is when multiple of actor's trough interaction creates value. By engaging customers in an environment, co-creation can appear (Hollebeek et al. 2019). The service providers that succeed with taking advantage of the customers attending the store and puts up an environment that allows them to have it their way puts up scenes where co-created value can occur (Spohrer et al. 2008). This co-creation occurs from interactions between customers and a business and interactions between customers. Communication is not a one-way dialogue from businesses towards customers. It is the service providers, businesses, role to put up these scenes of interactions where co-creation can appear which will create value for customers. S-D logic is an open-source theory where anyone is free to further contribute towards the theory. Increased positive customer experience is a consequence of co-creation of value, which should be the focus of the service providers (Tynan and McKechnie, 2009).

Customers are individuals, which means that one customer's experience from a store can be different from another customer's experience. It is important that retailers are conscious about the customer's individual self when designing customer experience. The individual's self is what determines the experience of a retail store and consists of self-concept, self-esteem, and self-image. The self, co-create the experience of a retail store together with the retailer, it's employees and the customers attending the store at the time. An individual self needs to be treated appropriately according to Bagdare (2021, p.27) that states, "*Satisfaction of their individual 'self' matters more than the quality of the products they buy*". By successfully treating the individual self appropriately, the customer's self-boosts and enhances which in turn create positive outcomes such as satisfaction, loyalty, and good purchase behavior. On the other hand, if the retailer fails to meet the individual's self, behaviors like stop visiting the store, negative word of mouth and dissatisfaction can occur. By respecting the customer's self and view the customer as an individual, the retailer can create positive customer experiences (Bagdare, 2021).

H1: *Customers prefer in-store environments that are interactive.*



2.2 Retail atmospheric

The store atmosphere sets the ambient in the store, and influences customers' satisfaction, time staying in the store, spending and their mood. It consists of physical and non-physical elements in a store environment (Francioni et al. 2018). Retailers use these different environmental elements to create different ambient in store, these elements trigger customers' senses. When customers interact with the different environmental elements, their sensory receptors get triggered. There are five senses that retailers can interact with: taste, vision, sight, touch, and sound (Bagdare, 2013). When designing an environment, the sense of taste is often excluded, and it is elements that stimulates vision, sight, touch, and sound that are being used for designing an environment (Roggeveen et al. 2020; Urdea et al. 2021). By setting up environmental elements in the store in a conscious way, the managers can create favorable customer behaviors. Alencar de Farias et al. (2014. p.88) states that “*Atmosphere in marketing is a term used to describe the conscious design of an area in order to create a desired effect on consumers*”. The environment design aims to affect customers emotions that increase the possibility of purchases and other behaviors that benefits the retailer (Alencar de Farias et al. 2014; Poncin and Mimoun, 2014). But designing an atmosphere is a complex task for retailers. In-store there are many stimuli that compete for the customers' attention, for example other customers in-store stimulates an individual's senses and competes for its attention (Huddleston et al. 2018). Good environmental design that creates a good store atmosphere makes the perception of quality delivered increased for customers, which in turn increases the customer persuasion level (Alencar de Farias et al. 2014). Yilmaz (2018) argues that the in-store lightning effect customers perception about product quality. It is proven that products that are displayed in environments with strong lightnings are perceived to have lower quality than the same products that are displayed in environment with a dimmer lightning (Yilmaz, 2018).

When designing the store atmosphere, it is important to view customers as individuals and not as homogeneous. Customers are different from each other and get affected differently from different environmental designs. Therefore, the terms “Perceived environment” and “Desired atmosphere” are important to be aware of (Alencar de Farias et al. 2014). The “Desired atmosphere” is the in-store mood that the retailer intends to create by conscious designing the environment with sensory cues. On the other hand, the “perceived environment” refers to how customers perceive the environment, how they emotionally get affected by the environment (Alencar de Farias et al. 2014). This perception can be different from each customer, which makes it important to address an individual approach when designing the store environment.



“Perceived environment” cannot fully be controlled by retailers, it is the individual Self that determines the perceived environment where the sensory cue of an environment perceives in relation to the individuals’ earlier experiences (Alencar de Farias et al. 2014).

There are two terms of moods that a retailer can create with their in-store atmosphere. They can create arousal or pleasure (Alencar de Farias et al. 2014). It is important for the retailer to decide which one of them that they want to create, if it is an exciting environment of arousal or a relaxing environment of pleasure. Depending on which one of these emotional states that the retailer decides to create, it leads to different types of shopping behaviors (Alencar de Farias et al. 2014; Elmashhara and Soares, 2019). By applying atmosphere as a marketing strategy, retailers can affect customers in three ways. (1) Customers' thoughts can be affected when their attention is drawn from the store atmosphere. (2) Messages can be transmitted from the in-store environmental design which can create favorable behaviors and perceptions. (3) Affective states could be established for customers by the in-store atmosphere which have an impact on customers perception and behaviors (Alencar de Farias et al. 2014). The positive outcomes from applying atmosphere as a marketing strategy are described from the three aspects above, in which they can lead to increased revenue or other favorable outcomes.

As written above, both tangible and intangible items are used when creating an environment (Francioni et al. 2018). The customer experience gets affected from the intangible factors that create subjective feelings which can be stimulated by for example sounds and lights, as well as the customer experience gets affected from the tangible factors that can be furniture in the store or texture of things. The tangible and intangible stimuli have a motivated impact on customers that can persuade them to take faster and more positive purchase decisions (Alencar de Farias et al. 2014).

2.2.1 Extraordinary customer experiences

In figure 1, a framework of extraordinary customer experience is expressed, the framework includes elements that are involved when creating extraordinary customer experience (Alencar de Farias et al. 2014). In the model, the in-store atmosphere is the first step when creating customer experience. Managers should use different design elements that stimulate customers' senses to create the wanted in-store atmosphere that will set the mood of state in the store. This atmosphere is created by elaboration and moderation of for example scents, sounds, and colors that affect and evokes



customers emotions (Alencar de Farias et al. 2014). Situational factors also influence the creation of customer experience. The stores' location, season of the year, which category of product the stores offer, deflation or inflation are some examples of situational factors. Further, Customer moderators, as it is called in the model, have effects on the customer experience. Customer moderators are in the model described as the consumption goal that the customer has, task oriented or experiential. Task oriented consumption is when the customers follow a rational buying process and strive to find the product with the best utility (Alencar de Farias et al. 2014). A customer need has occurred, and the need is what the customer wants to satisfy. In task orientated consumption, there is not necessarily any satisfaction related towards the shopping itself. Experiential consumption, on the other hand, is when customers engage in hedonic consumption, here the shopping experience is the satisfaction for the customer and not necessarily the satisfaction from purchasing the best product. The customer engages in the shopping activity and the shopping experience is the customer's "need" (Alencar de Farias et al. 2014).

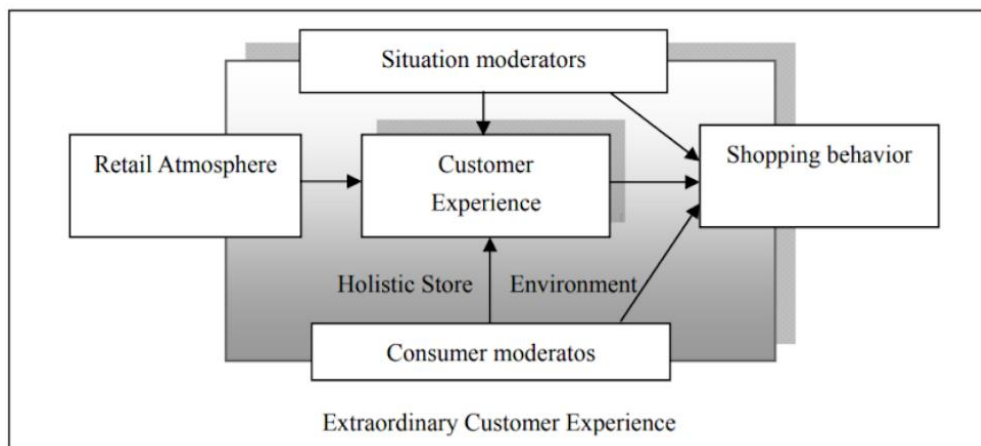


Figure 1: Conceptual framework for an extraordinary customer experience (Alencar de Farias et al. 2014. pp.94).

The framework of an extraordinary customer experience in figure 1 also consists of Holistic store environment. In the Holistic store environment, there are both controllable and uncontrollable factors. The control of the Holistic store environment can therefore only be controlled and managed to some extent There are four components within the Holistic store environment, price management, social environment, service interface and assortment (Alencar de Farias et al. 2014). The price management is in the context of extraordinary experiences referring to companies' loyalty programs and promotions. Setting the right price for a product or service is a hard task for the management, but



customers' perception about quality is related to the price level for the product or service. This perceived quality is a determinate for the extraordinary customer experience. Setting the "right" price for the right customer segment is therefore important and should be perceived as reasonable for the customer compared to the value delivered from retailers. Then loyalty programs and promotions in the right way, to the right segment can be used to create an extraordinary customer experience (Alencar de Farias et al. 2014).

The second component of Holistic store environment is social environment. The social environment consists of the interaction within an environment between customers and employees and interaction between customer and customer. The social environment also consists of a customer's individual cultural attributes and reference groups. The interaction with the people in an environment together with the individuals' preferences influences the customer experience (Alencar de Farias et al. 2014). The customers participating in the same environment at the same time should therefore have as equal individual preferences as possible, if two customers have different reference groups for instance and attends in the same environment the customer experience will decrease for both of them. The third component of service interface is concerned with customization of offers, in-store technology, service staff and co-creation in the store. The management of the service interface affects the customer experience, which makes it important for managers to design in a conscious and well-suited way for the target customers. The fourth component is the assortment offered by the retailer which includes product assortment, differentiation, uniqueness, and the quality offered. The assortment plan that the retailer chooses, if they are going to offer a wide range of product categories or just a few product categories, has an impact on the customer experience. When offering a wide range of product categories, retailers can reach a bigger target audience and offer them more products at the same place, but on the other hand this assortment plan makes it harder for them to differentiate themselves (Alencar de Farias et al. 2014).

Customer experience is placed in the center of the conceptual framework shown in figure 1. Influenced by affective, cognitive and social factors, the customer experience is created which will lead to behaviors. The goal for retailers is to create experiences that are memorable for the customer, which leads to positive behaviors like purchase behaviors. If the retailer fails to create an extraordinary customer experience, behaviors like store avoidance or consequences of no purchase can occur (Alencar de Farias et al. 2014).

H2: *Customers seek retail stores that evoke emotions.*

H3: *A retail in-store environment that is differentiated is more interesting.*



2.3 Multisensory experiences

The customer's feeling about a specific store is important when it comes to customer experience. The shopping behavior is being affected by the experience the customer gets from the store. When people are about to go shopping, they are seeking to be stimulated and to feel a sense of experience, if they are not interested in that they can buy things from the internet to avoid the human connection. It is proven that people shopping in physical retail stores spend more time in stores where they feel stimulated by the in-store environment (Spence et al. 2014; Helmefalk and Hultén, 2017). A study from a Swedish retail store environment showed that the most powerful stimuli to add when desire to increase time spent in-store and purchases are non-visual cues. But when adding sensory cues, it is important to avoid sensory overload. It can appear from environments that have too many sensory cues or when too many of the same sensory cues are placed in the environment (Helmefalk and Hultén, 2017).

The importance of working with customer experience is much more important today than before. The challenges of competing with ecommerce is harder today and therefore the physical stores need to work and develop their customer experience in their store to survive. Working with a retail atmosphere is a way to go where the companies are working with three elements. Questions to investigate is, how is the ambience in store, is it a good vibe there? Is the store's layout easy and interesting to follow? (Spence et al. 2014). Another thing to consider is the social elements in the store, the workers need to feel enthusiastic about their work and the meeting of new people to succeed with giving good customer experience to the customers (Spence et al. 2014).

While visiting a store, our different sensors in ourselves will be affected. This is what figure 2 explains. When entering the store, people could feel both a positive and negative feeling when walking out of the store, and this will be shown through the shopping behavior. There are a few examples of this and one of them is that when a store has an up-tempo music playlist in the background, people tend to be stressed and that in turn can result in negative feelings. But if it is a slow tempo playlist, customers tend to feel calm and not stressed in the store (Spence et al. 2014). As the example above explains, in-store music influences customer behaviors. The volume and tempo of the music influence the time spent in store and spending from the consumer (Daunfeldt et al. 2021). Therefore, physical stores need to carefully choose their music that fits the environment in the store and what they are selling. The music should fit both the products in the store and the target audience that visit.

There is more to consider than the music in the store, the lighting is also important. If a store is light and not experienced to be dark, customers tend to spend more time in the store, which leads to increased sales and that they leave the store with a positive feeling. Still, it should be addressed that lightnings influence perceptions about products in-store. A dimmer lightning in-store increases customer's perception about quality. These facts stress the complexity of setting the right lightnings within an environment (Yilmaz, 2018). At last, customers like to touch the products they see. Therefore, the tactile atmosphere in a store is also important to think about. People are more positive to buy stuff they have touched, and therefore it is important for beauty and makeup retail stores that they enable and endorse customers to touch products (Spence et al. 2014).

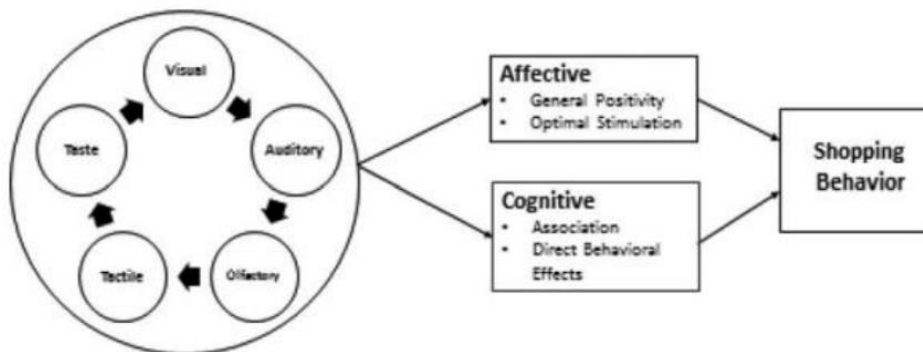


Figure 2: Framework for multisensory shopping behavior (Spence et al. 2014. pp.473).

H4: *The experience of a beauty and makeup store increases when customers can touch the products in the store.*

2.4 In-store technology

The in-store technology is necessary for physical retail stores today. The climate for these physical stores is competitive, and therefore every store needs to have their uniqueness and strategy with how they are going to differentiate themselves with technologies. This is all necessary to build a good customer experience. In-store technology is therefore the tool that fits perfectly to increase the experience for the customers in the physical store (Rese et al. 2019; Alexander and Kent, 2020; Moore et al. 2022). So, by using technologies and implementing it to the store, customers can be more engaged and perceptions of getting more value in return when visiting the store can occur (Blázquez, 2014). Using multi-channel or omni-channel helps physical stores to increase sales. One good example of technologies that enables when using a multi or omni-channel strategy is the use of click and collect, this gives



customers the chance to order online and pick up the purchased item in the store. Technologies in which customers can interact through social media are also viewed as attractive for customers (Blázquez, 2014). Technologies that give customers the opportunity to connect with the store through different channels is important. Interactive technologies like these presented above are examples of self-service technologies (SST). By such technologies, customers can be part of delivering service, which in turn increase the shopping experience by adding hedonic and utilitarian values towards it. When (SST) is not available, customers are more passive in the service development (Boudkouss, and Djelassi, 2021). By offering technologies like iPad or display screens, the in-store environment can be more interactive for customers (Blázquez, 2014). To conclude all of this and the meaning of using in-store technology is to make it easy and comfortable for customers to shop, this will in turn generate value for them.

Rese et al. (2019) argues that technology solutions can be divided into three categories, technology concerning payment, smartphone usage and smart retail technology. Technologies that make the purchase and checkout easier for customers fall under the technology concerning payment category. Technologies like mobile payment, self-checkouts, and iPads are examples of such technologies. Smartphone usage is the category for technologies that customers can use through their smartphones. Today, customers use their smartphones both in-store and in other locations to consume from a specific retailer (Blázquez, 2014). Providing information that customers can access through their smartphones is well appreciated by customers and can be used as a strategy to persuade customers to consume. Smart retail technologies are technologies that can interact with customers in the store. Technologies like this connect and interact with the customers in the store in real-time and thereby creates better customer service (Rese et al. 2019). Retailers should implement technologies from these three categories to make the experience of the store more convenient, competitive, and attractive.

H5: *Customers think that today's in-store technology is not new and interesting, rather it is standard.*

2.5 Summary

The use of customer experience for beauty and makeup retailers creates competitive advantage. Customers want experiential dimensions when consuming, and it is an experiential economy that we live in, where hedonic consumption has become more important (Schmitt, 1999). Designing the in-



store environment with technologies and multisensory stimulus creates the atmosphere in the store which, if it is done in the right way, has a positive effect on consumer behavior (Rese et al. 2019). To create positive memorable customer experiences, managers need to work with their environment in conscious ways. Creation of positive memorable experiences leads to favorable customer behaviors.

Customers are not a homogenous group, rather they are individuals where it is the customers' self that determine how the in-store environment is perceived. This perception differs from customer to customer, which makes it important for managers to understand their target audience (Bagdare, 2021). There is no manuscript on how an environment should be designed, it needs to be designed in consideration of the customers that the retailer targets. Technologies, for example, that retailers implement should be relevant for customers and meet their expectations (Blázquez, 2014).



3 Method

The following chapter will describe and present how the thesis has been developed and executed. The aim is for the reader to understand how the thesis have been conducted and why the choices of methodology strategies is relevant for the thesis. Quality assurance together with ethical and sustainable considerations will be discussed in this chapter as well.

3.1 Research approach

When designing the research, the authors have three different approaches to choose from, deductive, inductive and abductive (Saunders et al. 2019). These approaches work differently and are suited for different research. Depending on how the researchers intend to execute the thesis, with data collection and theory collection, determines which approach that is suitable for the thesis. The deductive approach is used when the authors want to examine if some certain premises from theory are corresponding to reality. The research starts by collecting secondary data of theory and then with help of primary data the researcher examines the relevance of the theory collected. Inductive approach, on the other hand, starts by collecting primary data and then comparing these findings with existing theories of secondary data to find a conclusion of the research. The abductive approach is a combination of inductive and deductive approach, here the research starts with an observation of a surprising fact. The research of the abductive approach strives to modify or generate new theories, and starts by collecting data to examine a phenomenon, then the research follows with further collection of primary data to test new or modification of the existing theories (Saunders et al. 2019).

This research will follow a deductive approach. The deductive approach is the approach in which is used the most within research projects (Balnaves and Caputi, 2001). It is because of the richness of theories that have been presented in the context of customer experience. Saunders et al. (2019) argues that topics that have been well researched and where there is a wealth of theories, it is suitable for the use of a deductive approach. Topics that have a wealth of theories makes it suitable for development of theoretical frameworks and hypotheses. Another argument for the choice of a deductive approach is the factor of time (Saunders et al. 2019). A deductive research approach is often quicker than the other approaches, and the fact that the degree project will be written in two months, time is limited. A deductive approach is easier to



schedule, and collection of data is often quicker to collect, which saves time for the analysis of the data (Saunders et al. 2019). The choice of deductive approach works well with this thesis and with consideration of the time limit this approach allows us to provide a rich and relevant research towards the chosen topic. The choice of a deductive research approach lowers the risk of not finding any results which are good for the degree project. There is not enough time to collect primary data several times, which means that the collection of data needs to have as low risk as possible to make sure that we can get valid data for analysis. In this degree project, hypotheses will emerge from the theory collected. These hypotheses will be analysed by collection of quantitative primary data. Depending on the result from the collected data, the hypothesis will be rejected or accepted. Deductive research approach endorses this way of designing the research (Saunders et al. 2019; Bell et al. 2019).

The purpose of this thesis is to examine customer's perception about beauty and makeup stores and how well they create extraordinary customer experiences. Therefore, a philosophy of interpretivism is implemented for this thesis. According to Saunders et al. (2019) research that follows interpretivism philosophy have a purpose to make the understanding of social words and context newer and richer. This is what we intend to do, we want to examine if the theory that have been presented during the past years have been implemented and can be found in physical beauty and makeup stores in Sweden and how this is perceived by customers. In interpretivism the philosophy emphasis that different individuals can have different experiences and perceptions about certain things because of gender, roles at a company, ethnicity or cultural background. The experience and perception of something is not the same for everyone, as other philosophies emphasize. Still, it is important to take this complexity of differentiation in account, and that is why the strand phenomenologists interpretivism will be used for this thesis. The strand phenomenologists focus the study on the experiences that the participants have experienced in their lives. It is the customers' perception about physical retail stores that we want to examine, which make this philosophy relevant and suitable. Interpretivism views the world as a complex one, and they emphasize subjectivism (Saunders et al. 2019).

3.2 Research design

The choice of research design is important because the chosen design works as a blueprint for how the research will be operated. When choosing the research design the researchers have five approaches to choose from, which



are explanatory, descriptive, exploratory, evaluative or a combination between the different approaches. These approaches for the research design have different characteristics which suit depending on the purpose of the thesis. Saunders et al. (2009, p.138) describes the research design as an “*overall plan*”. Further on, Kumar (2011) explains research design as the plan to answer the research questions with the research approach and formal structure. This thesis will follow a descriptive research design because the purpose of this research is to examine how customers perceive the customer experience created by niched retailers in their physical store environments. Descriptive research is used when the aim of research is to describe events, situations, or persons. This is the goal of this thesis and why this research approach is chosen (Saunders et al. 2019).

3.3 Research strategy

The strategy of this research will be quantitative. There are three strategies to choose from when collecting primary data and developing research, quantitative, qualitative or a mixed-method which are a mix between them both. To separate quantitative and qualitative research, Saunders et al. (2019) states that quantitative research consists of numerical data and qualitative research consists of non-numerical data. The goal of this thesis is to examine customer's perception about experiential dimension delivered in physical in-store environments. Collection of these data are best collected through numerical data of a sample that can represent the population of the customer within this topic of research. That is because a collection of numerical data from many respondents better examines a populations' perception about the experience of physical beauty and make up stores in Sweden, in contrast to gathering in-depth interviews from a small number of individuals through a qualitative study. When following a deductive approach, a quantitative research strategy is well suited as well. By combining a deductive approach and a qualitative research strategy, it is easier to evaluate the existing theory within a specific topic, which this thesis aims to do (Saunders et al. 2019).

Quantitative research is collecting numerical data which enables relations between variables to be analyses. The analysis of these variables is used through techniques that provide statistics and graphs. When using quantitative research, the validity of data collection is important (Saunders et al. 2019). Therefore, the method used to collect the data should be highly structured and well defined. This thesis will use a survey to collect data to ensure the structure to be the same for all respondents. When using a survey, it is important that



the questions are clear and not allow any interpretation, all respondents need to understand the questions in the same way which we will make sure in this thesis (Saunders et al. 2019).

3.3.1 Cross-sectional study

A cross-sectional study is used when a specific phenomenon is to be studied at a specific time (Saunders et al. 2019). That is why this study will follow a cross-sectional structure. The phenomena that are being studied in this thesis is customers perception about the experiential dimensions delivered in Swedish beauty and makeup stores and this perception is studied at this moment of time. When following the structure of a cross-sectional study, a survey is often used for collection of data. This data can later be used to find relations between variables or indicators for specific phenomenon (Saunders et al. 2019). The collected data for this thesis will be analysed with the software SPSS to find relations between variables to examine the researched phenomenon. This will be further explained later in the method chapter. Because a survey works well with a cross-sectional study, a survey will be used for collection of data (Saunders et al. 2019).

3.3.2 Data collection

This thesis has used collection of both primary and secondary data for the execution of this thesis. Collection of data in the form of a survey is a form of primary data. Collection of primary data is used to collect new data to enable examination of the research question (Olsson and Sörensen, 2021). The research method of a survey is often used when the research questions of the thesis begin with “Who”, “Where”, “How much”, “How many” and “what” (Saunders et al. 2019). That is why a survey suits well for this research. The purpose of the thesis is to answer what customers perception are about customer experience in in-store environments. A survey is also common to use when the research follows a deductive approach and follows a descriptive research design. In this case, a survey will be in the form of a digital questionnaire for respondents to answer. Saunders et al. (2019) describes questionnaires as methods that are used for collecting data where all the respondents are answering the same questions in the same order. By using this method, the possibility of collecting large amount of data can be collected from many respondents. This is because the questions and the order of the questions is predetermined. Later, this data can be analysed to examine relationships between different variables. What is important when using quantitative



research and a survey method is to provide a probability sampling that can represent a population. The chosen sample of respondents needs to be ensured that they are representing the population, it is up to the researchers to make sure about representatives of the sample and is a necessity for the ability of use of the data, that is why time have been allocated to find the right sample to make sure that possibility sampling is used (Saunders et al. 2019). The survey is developed in a way, so the probability sample can be assured. This will be further explained later in the method chapter.

3.3.3 Online questionnaires

When choosing a questioner strategy to collect primary data, the strategy can be completed by respondents, delivered to respondents, returned and collected in different ways. The completion of a questionnaire can either be by the respondents in which the respondent fills the questioner, or the completion can be by telephone questionnaires or a face-to-face questionnaire where the researcher asks the respondent the questions and fill in the answers (Saunders et al. 2019). In considerations of the minimum number of respondents of 300 individuals and the time constraints of two months, we have chosen a completion where the respondents complete the questionnaires. This allows us to reach more respondents under shorter amount of time. This is called a self-completion questioner which we will deliver electronically where customers can access the questioner through the web browser, it will be a web questioner. This allows respondents to answer the questions' trough tablets, smartphones, or computers (Saunders et al. 2019). By using a self-completed web questionnaire, we think that we can reach enough number of respondents without allocating too much of time.

The online questionnaire consists of 24 statements and 2 questions, where the first question is asking the respondent's age and the second question the respondent's gender, followed by 24 statements concerning the topic of this research. The 24 statements concerning the research topic gives the respondent the opportunity to answer how well the statement agrees with their beliefs. The answer is a scale between 1-6 where 1 is "do not agree" and 6 is "Totally agree". This type of answers is a parametric test where numerical data is collected by ratio and intervals. Advantages of collecting data trough numerical scale is that all the data is numerical, and it is seen as a powerful tool for conducting research (Saunders et al. 2019).

The software of the development and delivery for our questionnaire is Google Forms. This tool is easy to use for the development of a questionnaire, it is free



of use and an electronic questionnaire is considered as sustainable because no paper, transportation or other tools that have a negative impact on the environment is needed to be used. Google Forms are also well used which we believe to contribute to more respondents if they recognize the software used to answer it. The research of our thesis is not targeting a specific customer segment, it is rather research to examine the perception of different customers and their thoughts about physical beauty and makeup environments. That is why we can put our questionnaire out on social media and only strive to get as many respondents as possible. Because of these arguments, we have not chosen to use to deliver the questionnaire by email or SMS where the questionnaire is targeting specific respondents (Saunders et al. 2019). A disadvantage of choosing social media to deliver the questioner is the risk of uninformed responses, which is respondents that have not experienced or not have any expertise in the specific topic that the questioner is concerning. That makes it possible for some respondents to guess answers, which is a threat towards the validity of the data collection (Saunders et al. 2019). With this in consideration, we believe that many people in Sweden today have experienced a beauty or makeup store, which make this threat to be considered as low within this thesis.

3.3.4 Sample

The fact that we are targeting customers in Sweden and their perception about beauty and makeup retail stores it is impossible to get an answer from all of them, that is why a sample have been conducted to represent the targeted population. For a sample to be used to make conclusions about a population, the sample needs to be sufficiently robust and representative. The robustness and representative of a sample depends on the number of respondents within the sample and how the sample have been selected (Saunders et al. 2019). The targeted population of this research is defined as customers in Sweden that have any perception about beauty and makeup stores. Based on this population, the aim is to collect data from a sample of 350 respondents that are representable of the population definition. The number of respondents should be considered as enough to create sufficiently robustness of the sample which allows us to draw generalization and conclusion of a population. Because the sample is reflecting the population, the data can be used to generalize and draw conclusions of populations perception about the topic of this thesis.

To ensure that we can reflect the targeted population with our selected sample, we have decided to have the questions and statements of the questioner written in Swedish. The respondents need to understand Swedish to be able to answer



the questioner, and we draw the conclusion that most of the people who understand Swedish have been visited a beauty and makeup store in Sweden at least a few times in their life. Another thing that we have done to make sure that the selected sample can represent the targeted population is that the respondents need to write their ages before taking the questionnaire. We will then be able to see which age each respondent have. This will be used to exclude some respondents if there are not enough of respondents within the same range of age.

3.4 Method of data analysis

The data collected from the questionnaire will be analysed through the software SPSS (Statistical Package for the social Sciences). The data collected is consisting of both numerical and categorical data. The 24 statements where the respondents answer with a scale between 1-6 how much they agree with the presented statement is numerical data. On the other hand, the first two questions concerning respondents age and gender is non-numerical data and needs to be categorized which make it categorical data. The fact that we chose an online questionnaire via Google Forms we enabled to view each individual respondent's answer, and it is easy to put the data into Excel and SPSS. To answer the hypothesis for this thesis, variables have been created that consists of multiply of statements. In total, we have created 6 variables which consists of the 24 statements where age and gender is excluded. These variables will then be analysed to reject or accept the hypothesis. Later, these variables will be analysed in relation towards each other to answer the research question and to examine the perception about experiential dimensions in physical beauty and makeup stores. The analysis of these variables will be made by the authors. The goal is to find out how these variables relate to each other and thereby examine which experiential dimensions that is important for customers and is creating extraordinary customer experience.

3.5 Quality assurance

When developing research, it is important that the quality of data is assured. To be able to assure the quality of data for research in business administration it needs to fulfill three criteria that is, reliability, replicability, and validity



(Bryman and Bell, 2017). These aspects have been considered and how these aspects are considered is explained below.

3.5.1 Reliability

The consistency of the collected data is what reliability refers to. To make a questionnaire consistent, it means that the questions or statements asked in the questionnaire does not allow any interpretations. The questions and statements need to be interpreted in the same way from all respondents (Saunders et al. 2019). This has been considered under the development of the questions and statements for the questionnaire. To ensure that the questions and statements are not open for interpretation, we have had a discussion with our supervisor concerning the questions and statements. Still, there is no assurance that the questions and statements interpreted the same way from different respondents, which we are aware of and will be considered within the analysis. Another thing to consider when assure reliability for the collected data is the instructions and language that the questioner includes (Saunders et al. 2019). The instruction for our questionnaire is short and precise, which make us believe that the respondents do read the instructions. If the respondents should not read the instructions, which according to Saunders et al. (2019) five to nine percentage of respondents do not do. We have developed the questionnaire in a way, so the respondent still understands the context of the questions and statements. The language of the questionnaire is also put on a level in which many understand, in other terms the respondents do not need to know anything about the theory presented in this thesis. This make the collection of data reliable and robust where the data could be collected through different times and different circumstances (Saunders et al. 2019).

3.5.2 Replicability

The replicability refers to how well the research could be replicated and still get the same results. Therefore, it should be easy for a reader to understand how the research have been conducted (Bryman and Bell, 2017). Our thesis and the execution of the research have been detailed presented in the method chapter to make sure that the criteria from replicability will be fulfilled. For a reader to understand how research have been conducted, it is important that the execution and procedures is explained in detail, which is done in the method chapter (Bell et al. 2019).



3.5.3 Validity

The validity of the research refers to if the researchers measure what they want to measure with the questionnaire (Newman et al. 1998). In other terms, if the collected data from the questionnaire represent and measure the reality of a phenomenon (Saunders et al. 2019). What we intend to measure is presented in the research question and the hypothesis, which is why we have developed the questionnaire with these in consideration. Carmines and Zeller (2011) states that for research to have validity the hypothesis must be built on facts, be relevant and be able to answer the research questions. By the nature of a deductive approach, the research starts with collection of secondary data which have been used as evidence to the development of the questions and statements within the questionnaire.

3.6 Ethics

We have considered ethics when developing and conducting this thesis. All the respondents of our survey have done it voluntarily and the ability to stop answering the questionnaire have been available. Saunders et al. (2019) states that ethical consideration is extra important when the participants of a research do it voluntarily or if it's young people participating. In this case, all the respondents are over 18, still they do it voluntarily. That is why we have informed the respondents that the questionnaire is anonymously, and that the data only will be used of purpose of this thesis, which Saunders et al. (2019) argues that the researchers should do. Because the questioner is anonymously, we are not enabled to see which respondent that have answered what, which mean that their integrity is protected. Ethical considerations have not only been considered for the questioner and research of primary data. Instead, ethical considerations have been considered throughout the whole work with the thesis. The Authors of this thesis have respected each other and contributed to a good working space. The thesis has been conducted and written in a way that it is not going to offend anyone that will read it. The choice of research questions and chosen sample to examine have also been considered with ethical issues, Saunders et al. (2019) states that it is important to consider ethical issues during the research design and the development of the thesis.



3.7 Sustainability

Sustainability has been considered within the execution of the whole thesis. We have considered both the social, environmental and economic perspective which is included in the Triple-Bottom-Line (TBL). The goal for TBL is to find a balance among the three perspectives where they have as small impact on each other as possible (UNIDO, 2020). The consideration of the social perspective has to some extent been covered in the section of ethical considerations. To further explain how the social perspective have been considered, the authors have contributed to good working conditions. The work has been done with good communication between them both and at environments that they both prefer. Issues and factors have been dealt with open discussions where both have had their saying and the authors have had equal contributions to the finished thesis.

The environmental perspective has been considered and the goal of having low impact on the environment have been successful. The work of the thesis has been both online through Zoom and through face-to-face meetings between the authors. When face-to-face meetings have been arranged, both authors have chosen bicycle as transportation to the location for the meeting. The research of this thesis has been collected through secondary data available online and the primary data through an online questionnaire. Therefore, no transportation that have any negative impact on the environment have been needed for the research. There has not been any use of papers or other physical materials which has minimized any negative impact on the environment. During the execution of this thesis, no economic resources have been used connected to the thesis. In consideration of the economic perspective, we stated before starting on the thesis that all potential expenses should be discussed between the respondents and that them both should agree on the expense and if it was necessary or not. But as said, no expenses concerning the thesis have been done.

3.8 Operationalization

A questioner was developed after the theory chapter and conceptual framework was established. The questioner will collect data of customers perception about the different experiential dimensions written in the theory chapter and the conceptual framework. A well-structured questionnaire has been created where the risk of respondent's interpretation towards the questions and statements are low. All respondents will take the questioner



digitally, and the used software to create the questioner is Google Forms. The questioner will be shared at different social medias such as Facebook, Instagram, and LinkedIn. All respondents need to write their age in the questioner that will ensure us to examine perceptions about customer experience in different age groups. The respondents get multiply of statements related to the topic of this research, in an amount that does not take too much of the respondents' time. Then these statements asked in the questioner are linked to different variables that will be analyses and compared to find relationships among them.

Table 1: Operationalization model.

Categories	Question	Theory	Hypothesis
General questions	1 - 2	These questions in this section refers to general information about the respondents to make sure that they fit for this research.	
Interactive environments	3 - 8	These statements refer to the theory presented about the importance of creating interactive environments for customers (Tynan and McKechnie, 2009; Hollebeek et al. 2019).	H1
Emotions	9 - 14	These statements refer to the theory that argues that retailers should create environments that creates emotional arousal for customers because customer experience is dealing with hedonic consumption (Bagdare, 2013; Roggeveen et al. 2020; Urdea et al. 2021).	H2
Differentiation is more interesting	15-19	These statements refer the need of differentiation for retailers to stay competitive in which is presented in the theory chapter (Alencar de Farias et al. 2014; Rese et al. 2019; Urdea et al. 2021).	H3
Importance of touching the product	20-22	These statements refer to the need of touching products before consuming them that is presented in the theory chapter (Spence et al. 2014)	H4
In-store technologies	23-26	These statements refer to the in-store technologies in which the presented theory argues to be important for physical retail stores to stay competitive (Rese et al. 2019; Alexander and Kent, 2020; Moore et al. 2022).	H5



4 Empirical findings

This chapter is presenting the empirical findings of this thesis. This chapter will also answer the thesis hypothesis.

Data from a total of 369 respondents were collected through the online questionnaire. Out of the 369 respondents, the respondents were between 18-48 years old. As stated in the method section, the questionnaire did not aim for a specific target audience with a specific age, instead the goal was to find richness in a certain age group. 343 (93%) of the respondents were between 18-30 years old and 26 (7%) of them were between 31-48 years old. The fact that we do not find richness in the latter, the age group of 31-48 years old, will make this respondent excluded from the thesis. 26 respondents are considered as a small sample to represent a population and therefore richness is not found. That is why the empirical findings will include data from 343 respondents. The allocation of identified gender within these 343 respondents, 199 (58%) identified themselves as women and 144 (42%) of them as males.

The collected data in purpose of answering the hypothesis and later the research questions were conducted from 24 statements. These 24 statements have been summarized in 6 variables, Interaction, Emotion, Differentiation, Touch, Technologies, and Swedish retailers. Each of the 6 variables consists of several statements, where a mean of statements has created an average mean for the variable. Which statement that consists within each variable are presented in table 2.



Table 2: Explanation of which statement in the survey that aims to answer each variable.

Variable	Statements	Explanation	Hypothesis
Interactive	3,4,5,7,8	This variable refers to examine if respondents find interactive environments important.	H1
Emotion	9,11,12,13,14	The variable emotion refers to examine if respondents perceive emotional arousal as important when shopping through physical retail stores.	H2
Differentiation	15,17,18,19	The variable differentiation refers to examine if customers want retailers that are differentiated from others.	H3
Touch	20,21,22	This variable refers to examine if customers think the sense of touch is important when consuming beauty and makeup products.	H4
Technologies	23,24,26	The variable technologies refer to examine if it is perceived as important	H5
Swedish Retailers	6,10,16,25	This variable refers to examine how well Swedish retailers fulfill customers wants about the experiential dimensions of interaction, emotion, differentiation and technologies.	RQ

4.1 Descriptive statistic Likert scale

The table 3 presents all the statements of the online questionnaire where the respondents answered how well they agreed to a statement on a Likert scale from 1 – 6. The minimum value is 1, and it is when the respondent does not agree, and 6 is the maximum value where the respondent totally agree. The descriptive statistic Likert scale includes all statements from 3-26. The only excluded question in the table is the first two general questions about whom the respondent is. The table 3 includes the data that are going to accept or reject the hypothesis and later examine the research questions. Which statement that are connected to which hypothesis is described in the table. The table includes mean and standard deviation (std. deviation), where the mean shows the mean from all the respondents at each specific statement. The std. deviation shows the variance between the answers and how much an answer can differ from the mean.



Table 3: Descriptive statistics for Likert scale.

Likert scale/categories	Minimum	Maximum	Mean	Std. Deviation
H1: Customers prefer in-store environments that are interactive.				
Interaction with employees (3)	1	6	5,04	0,547
Importance of service minded employees (4)	1	6	5,49	0,501
Choose retailers with service minded employees (5)	1	6	5,10	0,529
Interactions with products in-store (7)	1	6	5,18	0,519
Aesthetic environments (8)	1	6	5,02	0,495
Variable: interaction			5,165	0,24074
H2: Customers seek retail stores that evoke emotions.				
Positive emotional arousal (9)	1	6	5,04	0,722
Emotional arousal of relaxation (11)	1	6	5,12	0,590
Longer time spent in store when feeling relaxed (12)	1	6	5,25	0,646
In-store music (13)	1	6	5,21	0,680
Avoidance when emotional arousal is not relaxation (14)	1	6	4,59	0,984
Variable: Emotion			5,042	0,41307
H3: A retail in-store environment that is differentiated is more interesting.				
Differentiated retail stores is more fun (15)	1	6	5,25	0,702
Added extra value is attractive (17)	1	6	5,01	0,635
Unique in-store environment (18)	1	6	5,04	0,685
Boring in-store environment (19)	1	6	4,93	0,716
Variable: Differentiation			5,0583	0,38884
H4: The experience of a beauty and makeup store increases when customers can touch the products in the store.				
Importance of trying a product before purchase 1 (20)	1	6	4,97	0,712
Importance of trying a product before purchase 2 (21)	1	6	5,33	0,761
Purchase avoidance when can't try the product (22)	1	6	3,06	9,120
Variable: Touch			4,4538	0,44268
H5: Customers think that today's in-store technology is not new and interesting, rather it is standard.				
Smartphone usages in-store (23)	1	6	4,98	0,696
Technologies in today's retail stores (24)	1	6	3,54	0,999
Importance of interesting technologies (26)	1	6	4,83	0,697
Variable: technologies			4,4509	0,49043
RQ: What are customers perceptions about beauty and makeup retailers in-store environments in Sweden?				
Employees in Sweden (6)	1	6	4,53	0,571
Creation of well-being from Swedish retailers (10)	1	6	4,59	0,929
Differentiated Swedish retailers (16)	1	6	3,72	1,128
Interesting technologies within Swedish retailers (25)	1	6	2,80	0,952
Variable: Swedish retailers			3,9111	0,44848



4.2 Testing the hypotheses

4.2.1 Testing H1

Customers prefer in-store environments that are interactive.

To evaluate **H1**, five statements were asked to the respondents. The goal is to find out if the respondents found it important for physical retail stores to be interactive. The first statement asked the respondents if they like the interaction with the employees when they visit a physical beauty and makeup store. The respondents agreed with the statement and found it likeable, the mean of this statement was 5,04 which means that the respondents agree on that they like personal interaction with employees in-store. The second statement asked the respondents if service minded employees are considered important for the respondents. This was considered as important, and the mean of respondents was 5,49. The third statement that were asked to the respondents was if they choose beauty and makeup stores that have service minded employees. The respondents agreed with this too, and the mean of this statement is 5,10. If the respondents found it important to be able to try products in store was the fourth statement. This was considered as important to and gave a resulted mean of 5,18. The last statement to evaluate **H1** was if respondents considered it important that the environment of a retail store is viewed as aesthetic appealing. From the respondent's answer the mean was calculated to 5,02. From these five statements a total mean was calculated which gave a mean of 5,165. In total the respondents found interactive in-store environments as important.

Based on the data presented above, **H1** will be accepted. The fact that the total mean showed a result of 5,165 shows that an interactive environment is something that the respondents want and something that they think about when evaluating which store that they are going to visit. Still, it is important to address that the statement asked to respondents does not cover all interactions that can appear among customer of a store and the store. Therefore, this data cannot accept that all types of interaction are preferred by the respondents in an in-store environment. Instead, the data collected accepted that the respondents prefer interaction in forms of, interaction with employees, interaction with in-store products and that the interaction of the in-store design was considered as appealing. That said, other interactions should not be seen as rejected, but they were not considered in the data collected, which means that further research will be needed to accept or reject other factors of



interaction. The phenomenon of in-store interaction should still be seen as accepted as important for the respondents, even if data were not conducted for all factors of interaction.

H1 is accepted based on the data collected.

4.2.2 Testing H2

Customers seek retail stores that evoke emotions.

Five statements were asked in the online questionnaire to answer **H2**. The goal for these five statements was to find out if the respondents seek environments that evoke emotions for them. The first statements asked the respondents was if they chose to visit beauty and makeup stores that generated well-being as a state of mind towards them. Respondents agreed on this, which gave a mean from the respondents of 5,04. The second statement asked the respondents if they preferred environments that evoked feelings of calmness and relaxation. This was something that the respondents preferred and gave a mean of 5,12. The next statement that was asked was if beauty and makeup stores that evokes emotion of calmness and relaxation made respondents stay longer in a store. The respondents agreed that emotions of calmness and relaxation made them stay longer in-store, where a mean of 5,25 was conducted. Then, the respondents were asked if in-store music affected the respondent's mood. The respondents found in-store music affecting their mood and a mean of 5,21 was calculated. The last statement connected to **H2** that was asked to the respondents was if they avoid retail beauty and makeup stores that did not generate a state of calm for the respondents. The mean for this statement was calculated to 4,59 which still is an agreement but not a very high agreement. For the second hypothesis, a total mean was calculated as well. The respondents found emotional arousal as something that they seek for when visiting beauty and makeup stores, and the total mean was calculated to 5,042.

H2 is proven to be accepted based on the presented data above. The respondents had a total mean of 5,042 which point to the fact that emotional arousal is something that the respondents seek for when evaluating beauty and makeup stores. The statement asked the respondents focused on emotion arousal of relaxation and calmness as a state of mind which was considered as something that they liked. Still, data is not provided enough to state that this is the only emotional arousal that they seek for when visiting beauty and makeup stores. The fact the mean from the respondents when they were asked if they avoided beauty and makeup stores that did not create emotions of



calmness was 4,59 and with a std. deviation of 0,984. This is not considered as an agreement for all the respondents, due to the fact the variance is almost 1. Even if they like beauty and makeup stores that create emotion of relaxation and calmness, they maybe do not avoid retailers that evokes emotion of the opposite. Maybe statements about emotional arousal or excitement could be preferred as well by the respondents. But no such data have been collected for this research, which make us not able to draw any conclusion of this. That is why the **H2** is accepted, and emotional arousal of relaxation and calmness can be considered as preferred, but other emotional arousal cannot be rejected as not preferred. But what the collected data do say is that when retailers create emotional arousal of relaxation and calmness, the respondents tend to stay longer in store and view the products more in detail.

H2 is accepted based on data collected.

4.2.3 Testing H3

A retail in-store environment that is differentiated is more interesting.

To evaluate **H3**, four statements were asked to the respondents. The goal of the statements is to examine if differentiated beauty and makeup stores are viewed as more interesting than those who are not differentiated. The first statement asked the customer if they though that beauty and makeup stores that were differentiated from other stores were more interesting to visit. This was agreed from the respondents where the mean was calculated to 5,25. The second statement asked if the retail stores that added extra values by offering more than just the product assortment were considered as more interesting, in which they were. The respondents considered added extra values to be more interesting and a mean of the respondent's answer were calculated to 5,01. The third statement connected to **H3** was asking the respondents if unique environments were more interesting. This was agreed by the respondents and a calculated mean of 5,04 was conducted. At last, a statement was asked to the respondents if they avoided beauty and makeup stores that they considered to have a boring designed environment. A boring designed environment was avoided, where the respondent agreed with a mean of 4,93. For **H3** a total mean was calculated as well and resulted in 5,0583. This means that the respondent considers differentiated beauty and makeup stores as more interesting than other stores.

H3 will then be accepted, differentiation is viewed as more interesting by the respondents. The respondents found it more interesting to visit beauty and



makeup stores that differentiated itself from its competitors. Even extra added value and unique environments was more interesting for the respondents. Still, it is important to address that the data provided does not bring any clarification about how or in which way that the makeup and retail store should be differentiating itself. Conclusion about how retailers should differentiate themselves can there for not be drawn based on this data. But the data do provide important data about how added extra value and unique environments is interesting for customers, which could be viewed as two techniques to differentiate from competitors. Important data about behaviors like avoidance when a beauty and makeup store is considered having a boring environment design have been conducted from the research. This reinforces the importance of differentiation and reinforces to accept **H3**.

H3 is accepted based on the data collected.

4.2.4 Testing H4

The experience of a beauty and makeup store increases when customers can touch the products in the store.

Three statements were asked to the respondents in the purpose of answering **H4**. The goal of the statement was to examine how important it is to be able to try the product before purchasing it. The first statement asked the respondents if they considered the ability to try a product before purchasing it as important. They agreed on it to be important, and the calculated mean is 4,97. The second statement asked the respondents if the possibility of purchasing a product increased if the ability of trying the product before purchasing it were available. This was calculated into a higher mean of 5,33 which implies that the respondent agrees with this statement. The third statement asked the respondents if they avoid purchasing cosmetic products if they didn't have the ability to try the product before purchasing it. The respondent did not agree to this statement and a calculated mean of 3,06 was conducted. This means that even if they cannot try the product, it is not an obstacle for the respondents to purchase cosmetic products. A total mean was calculated from the three means presented above within **H4** and the total mean is 4,4538. This total mean has a std. deviation of 0,44268 which shows the variance among the respondent's answers for the three different statements. The collected data differs the most between the mean 5,33 of statement two and the mean 3,06 of statement three.

Based on the data presented above, the ability of trying a product before purchasing it should not be seen as a determined factor for a purchase to be



made or not. Neither should it be seen as an evaluation factor for which beauty and makeup store the respondents are going to choose to visit or which channel the customer will choose to interact with the retailer. That said, the goal for **H4** was to evaluate if the experience of an in-store environment increased if the ability of trying a product was available. The fact that customer perceived it important to be able to try a product before purchasing it and that the possibility of a purchase increased if the ability of trying a product increase make us accept **H4**. This is because a purchase can be considered as a positive experience of a retail store, and the means from the first two statements indicate that trying a product increases the possibility of a purchase. Still, it cannot be seen as a determined factor. The respondents would not avoid a beauty and makeup store just because they cannot try their products. But offer the ability for customers to try out a product increases the experience of a retailer, which makes **H4** accepted.

H4 is accepted based on the data collected.

4.2.5 Testing H5

Customers think that today's in-store technology is not new and interesting, rather it is standard.

When tested **H5**, three statements were developed and asked in the online questionnaire. The goal of these statements was to examine how the respondents' viewed today's in-store technologies and if it was new and interesting or if it is considered as standard. The first statement was asking the respondents if they are using their smartphones in today's in-store environments when shopping. It resulted in an agreement of the respondents where the calculated mean was 4,98. The following up statement in relation to **H5** was if the respondents thought that today's beauty and makeup retailers had interesting technologies in their store today. The respondents did not consider it to be interesting technologies in today's beauty and makeup stores, and a mean of 3,54 was conducted. The third statement asked the respondents if they preferred retail stores that have interesting technologies. This was proven to be the case and a mean of 4,83 was calculated. A total mean was calculated for the statements within **H5**, and it was calculated to a mean of 4,4509.

For **H5** the data shows that the respondents use their smartphones in-store, but still the std. deviation of statement one was 0,696 which is the differentiation between the answers. This implies that the respondents use their smartphones



in-store, but some do it more than others. The respondents did not consider today's beauty and makeup stores to have interesting in-store technologies. At the third statement when the respondents were being asked if interesting technologies is making the experience of a store more interesting was given an agreement of the respondents but not a very strong agreement. The mean was calculated to 4,83 with a std. deviation at 0,697 which implies that some respondents perceive it to be more interesting with technologies than others. The total mean at 4,4509 indicates that the interest for exciting technologies is existing but very high. Of course, statement two within **H5** effects the total mean negatively and could for say in its own indicate accept of **H5**. Still, the collected data does not bring evidence enough to accept **H5**. That is because of even do they say that today's technologies are not interesting, they do not bring evidence that exciting technologies should make the in-store experience more interesting. Data about if the in-store technologies are considered as standard for each retail store is not provided in the extent to give evidence enough to accept the hypothesis. Which will reject **H5**.

H5 is rejected based on the data collected.

4.2.6 Testing perceptions of Swedish retailers

To be able to answer the research statements for this thesis, statements that were not related to a specific hypothesis were needed. These statements have the authors decided to gather under the variable Swedish retailers. This variable consists of four statements and relates to how well Swedish beauty and makeup stores succeeds with deliver the four experiential dimensions of interaction, emotional arousal, differentiation and in-store technologies. The goal of these four statements that were asked to the respondents was to examine how the respondents perceive Swedish beauty and makeup stores and how well they deliver these four dimensions.

The first statement that the respondents were asked were if they thought it to be many beauty and makeup stores in Sweden that have service minded employees. The respondents agreed on this to some extent and a mean of 4,53 was calculated. Then, the respondents were asked if there were two or more beauty and makeup retailers that created emotions of well-being. This statement did the respondents agreed on and a calculated mean of 4,59 was conducted. If a customer chose to visit some beauty and makeup stores over others, just because they differentiated themselves was the third statement. The respondent did not agree to this statement and the mean was calculated to 3,72. The last statement that was asked to the respondents in relation to examine Swedish retailers was if there were some beauty and makeup retailers that have



more interesting technologies than others. The respondents did not agree on this statement, and it shows in the calculated mean of 2,80. The total mean for the variable Swedish retailers was made as well. It was calculated to a total mean of 3,9111.

The data above indicates that Swedish retailers fail to deliver the four experiential dimensions presented in the thesis. A total mean of 3,9111 means that the respondents disagree with the dimensions. Still, the respondents agreed on two statements, the statements about Swedish employees and creation of well-being. But the mean for those statements cannot be viewed as strong agreement when there are just 0,53 and 0,59 over a mean of 4 which is the lowest agree on the Likert scale. What is important to address is that the statement about well-being had a high std. deviation at 0,929 which indicates that the respondents had different perception about this statement. The later statements, about differentiation and technologies, had high std. deviations which indicates that there is different perception about these statements as well. The statement about differentiation had a std. deviation at 1,128 and technologies at 0,952. Even do different perception appears among the respondents, the data implies that Swedish retailers fail to deliver the four experiential dimensions presented above in the way respondents want it to be. Swedish beauty and makeup stores especially fail on delivering differentiation and interesting technologies according to the data presented.



5 Analysis

In this chapter, an analysis of the empirical findings and the theory will be done and presented. Here, the relations, similarities, and differences of the empirical findings and theories will be done. The analysis refers to customers between 18-30 years old.

5.1 Interactive environments

In the theory chapter, the experiential marketing framework was presented. This framework changed the view of customers from customers that seeks utility and functions into customers that seek hedonic consumption with pleasurable experiences (Schmitt, 1999). The data collected provided data that evidence this. The data provides knowledge about importance of service minded employees, which have no relation towards utility and beneficial functions of the beauty and makeup retailers' products. From the research, it occurred that customers choose beauty and makeup stores that they know have service minded employees. The authors suggest that service minded employees should be considered as a tool in which retailers can use and a tool that increases the customer experience.

Today's market is an experiential economy, and experiential dimensions are needed to apply to the brand (Pine and Gilmore, 1998). Both service minded employees, ability to interact with products and aesthetic environments is viewed as important by customers in the context of beauty and makeup market and was conducted from the primary data. These attributes are experiential dimensions that the authors found evident to be implemented in the in-store environment. The dimensions are not concerning the quality or functional benefits of the products in-store, they are only concerning the in-store experience and interactions that can appear there. It implies that today's customers want interactions when visiting retail stores. In the theory presented it is stated that brand equity includes assets that belong to a specific brand (Ande et al. 2017). When customers choose specific brands to interact with because they have service minded employees, the employees become an asset and the brand equity increases. Interactions in different forms should in the authors' opinion be implemented in the in-store environment to increase customer experience.

Urdea et al. (2021) describes how customers today have many channels to choose from for consumption and product evaluation, and that it is the



customer experience that retailers can differentiate themselves and compete with. The collected data evidenced that interactive in-store environments are important, and the hypothesis was accepted. These insights mean that interactions are a way of differentiation for Swedish beauty and makeup stores that should be used. The fact that products can be consumed from different places and channels means that it is the channel and place that needs to provide something extra to attract customers. This can be made by implementing interactions within an in-store environment. The experience of a brand isn't only the experience of the visit or purchase opportunity, the experience of a brand the sum of the whole customer journey (Roggeveen et al. 2020). Interactions between the customer and a brand should then be implemented during the whole customer journey and not only for the purchase opportunity. The theory of S-D Logic is presented in the theory chapter and this logic describes a business as a service provider where they put up a scene for customers to interact and co-create value (Tynan and McKechnie, 2009; Hollebeek et al. 2019). This research evidence that interaction with products, employees, and the environment design enhance the experience of a brand. Service providers that work within the beauty and makeup market should use this tool within their scene settings to enable co-creation of value for customers. The theory is evident by the collected data, interactions is providing extra values to an in-store environment.

Customer's individual self is the one that determines what good customer experience are and what a good in-store environment are (Bagdare, 2021). This is important to address in the analysis of the secondary and primary data. The primary data evidence that interactions are important for customers in physical environments and enhance the customer experience. But it does not provide what attributes that determine service minded employees, how interaction with in-store products should be or what an aesthetic appealing environment is. This thesis can't provide any specific knowledge about how the in-store interaction should be, instead it is up to the retailer to determine which customers that are going to visit the store and develop the interaction in a way that correspond to those customers. By understanding the target audience, the retailer can boost the individual self of a customer which leads to satisfaction, loyalty, and positive purchase behavior (Bagdare, 2021). This argues for the complexity about creating interaction between customers and the retailer, and among customers. Still, this research confirms that interactions within in-store environments is something that customers want, and it enhances the experience of a beauty and makeup store.



5.2 Emotions

The atmosphere in an in-store environment sets the ambient and is designed with physical and non-physical items (Francioni et al. 2018). The ambient influences customers mood, time spent in-store, spending and satisfaction (Francioni et al. 2018). This research has found further evidence for this. The data shows that customers chose retailers that create well-being as a state of mind. The fact that customers evaluate retailers' ability to create this state of mind indicates that customers actively seek for emotional arousal when they go shopping. That the time spent in-store when the right ambient is set is also evident from the collected data. The data also stated that customers tend to view the products in more detail when the ambient in-store is creating an emotion of relaxation and calmness. This can evidence that spending increase when the right ambient is set in a store, if the customer stay longer in-store and view the products more in detail the possibility of purchasing an item probably increases. The store atmospheric influences customer behaviors in store (Alencar de Farias et al. 2014; Poncin and Mimoun, 2014).

It is the conscious design of an in-store environment that creates this atmospheric (Alencar de Farias et al. 2014). The data from this research indicates that atmospheric of relaxation and calmness is preferred for customers of beauty and retail stores. Products of beauty and retail stores often is used for selfcare, it could be cosmetics like skincare, makeup, and treatment cream. Cosmetics that are consumed for the purpose to threat the person or beautify the person at home. For customer to evoke emotions in-store of calmness and relaxation could make the person believe that those emotions will appear at home as well, which the customer like. That is why the authors of this thesis believe relaxation and calmness as emotions to be favorable for customers. Still, it is important to address that the data provides knowledge about that customer tend to avoid retail stores that didn't evoke emotions of calmness to some extent. Evidence of avoidance is not enough provided, which the authors interpret as it could be other emotions that customers prefer to evoke when visit beauty and makeup stores. But evidence is enough provided to state that customers want emotions that relate to calmness.

The conscious design of an atmosphere consists of different element as presented above, these elements triggers customers senses and evokes emotions and behaviors (Bagdare, 2013; Roggeveen et al. 2020; Urdea et al. 2021). The sense of hearing was investigated in the research and data provided that the in-store music together with the aesthetic design influenced consumer's mood. Spence et al. (2014) states that low-tempo music played in-store evokes emotions of calmness, which corresponds to the desired state of



mood in which customers want to feel when entering beauty and makeup stores. This indicates that slow tempo music is preferred in these types of in-store environments. Finding the right music also leads to favorable customer behaviors. When music with the right tempo and volume is played in the store, customers tend to stay longer and spend more money (Daunfeldt et al. 2021).

The in-store atmosphere has an impact on consumer's perceived quality of products (Alencar de Farias et al. 2014). This research founding's stated that emotional arousal was something that customer seeks for when visiting beauty and makeup stores. The stores that successfully evokes the wanted emotions for customers will be perceived as having higher quality delivered. Founding's indicates that customers seek for relaxation and calmness ambient in beauty and makeup stores, and these stores are then perceived as having higher quality delivered. Still, what is a desired emotional arousal can differ from different customers. An "perceived environment" is determined of the individual self (Alencar de Farias et al. 2014). This means that an environment isn't perceived by all customers in the same way. Even do it is evident from this research that customers seek beauty and makeup stores that evoke emotions of relaxation and calmness, it cannot draw conclusions about all customers. The fact that customers avoid retailers that don't evoke emotions of calmness and relaxation but only to some extent indicates that customers have different perceptions and desires from an environment and a retail store. As stated in the analysis of the dimension interaction, retailers need to understand their target audience and develop the environment to correspond to their customers' expectations and wants.

5.3 Differentiation

As the theory chapter provides, today's retailers need to differentiate themselves from its competitors (Alencar de Farias et al. 2014; Rese et al. 2019; Urdea et al. 2021). It is evident from this research that differentiation is attractive for customers and something that they consider when evaluating retailers. When a beauty and makeup store is differentiated against its competitors, it is viewed from a customer's perspective to be more interesting. Differentiated environments are more interesting to visit, and the collected data indicates that added value creates differentiation of an environment. Added value can be provided in different forms, it could be in-store interactions (Tynan and McKechnie, 2009; Hollebeek et al. 2019), in-store technologies (Blázquez, 2014; Boudkouss, and Djelassi, 2021) or other experiential dimensions implemented in the environment (Bagdare, 2013).



The use of adding extra values is keen to differentiate oneself and as the collected data provides it is more interesting which can be interpreted to create a better customer experience.

Alencar de Farias et al. (2014) provides the framework of extraordinary experiences and for an experience to be extraordinary the experience needs to be memorable. This is evidenced from the collected data as well, where customers prefer environments that are differentiated and unique. Unique and interesting environments is more likely to be memorable, which enables the authors of this research to draw this conclusion. It is mentioned by Alencar de Farias et al. (2014) that factors of uniqueness and differentiation are important for the development of extraordinary experiences. But how a beauty and makeup store should make unique and differentiate is not evident in this thesis. No such data have been collected, and the fact that different customers can have different perceptions of this is important to address. What the data do evidence is that a boring environment is leading to behaviors of avoidance. Alencr de Farias et al. (2014) also mention these behaviors because of failed delivery of a memorable experience. Even do differentiation and uniqueness can be favorable in different ways by customers, it is important to make unique even if isn't done in the exact right way. Because if an environment is considered as boring from the customers, behaviors of avoidance will appear. An environment that does not differentiate from other environments is easy to perceive as boring because nothing new and interesting happens in the environment, it disappears in the crowd of the competitors.

Experiential consumption refers to consumption where the shopping activity is the "need" and the desire. In other words, customers are not out searching for a specific product, the customer are participating in a shopping activity which is the experience that the customer want (Alencar de Farias et al. 2014). This go along with the findings of this research, where customers seek for environments that are unique and interesting. Beauty and makeup stores that live up to these attributes provides better experiences for customers because it is different and therefore more memorable. But the task of staying interesting and unique is harder for the retailers. It demands permanent adoption and development to the marketplace and to the customers to retain a unique in-store environment. Theory of ongoing development and adoption is not presented in the theory chapter, but this conclusion is drawn as the collected data evidence the importance of differentiation.



5.4 Touch

Spence et al. (2014) states that customers are more willing to purchase products that they have touched. The findings of this research indicate on that this statement is both true and untrue for today's customers. Some findings evidence that the ability of trying and touch products in the store before purchasing it is important for customers. But some findings' evidence that customers didn't avoid purchasing products that they didn't were able to try, and touch before purchasing it. The authors draw the conclusion that when a customer visit a physical store, it is important to enable and endorse the tactile sense with products in the store. But on the other hand, when customers choose to consume online, the tactile sense is not considered to be as important anymore. Customers today have become used to consuming online, which can be the reason for not avoiding purchasing beauty and makeup products before touching them. Still, evidence is provided from the research that the possibility of purchasing a product increase if the availability of trying it before purchase is enabled. Which corresponds to what Spence et al. (2014) states that customers are more positive to buy products that they have tactile before purchase.

In-store, it is important for retailers to endorse interaction of touching products. It is an advantage that physical retail stores have compared to online retailers, where the ability to touch is not available. Yilmaz (2018) states that the lightnings in-store influences the perception about quality of products in-store. If the lightnings is too strong, the quality perceives decreased compared to products that are displayed in environments with dimmer lightnings. This can be used by retailers to endorse customers to touch products in-store which customers perceives as important. By using lightning in-store to make the perceived quality of product corresponding with the target audience desired quality can endorse them to touch the products. Price level of products and the environmental design is also influencing customer's perceived quality about products (Alencar de Farias et al. 2014). To conclude, the sense of touch it is evident to be important for customers in the context of physical retail stores. When the sense gets stimulated, it increases positive behaviors. But the sense is not important enough to make customers avoid channels where the sense of touch is not stimulated. It can be considered as an added value for physical retailers in which reinforce customer experience. Interactions between the in-store products influences customers experiences positively and increases the possibility of extraordinary experiences to occur.



5.5 In-store technologies

The theory provided for this thesis stresses the need for in-store technologies in which they increase the customer experience within an in-store environment (Rese et al. 2019; Alexander and Kent, 2020; Moore et al. 2022). The collected data brings evidence that in-store technologies are important and used by the consumers. Customers use their smartphones in-store for searching about product information, compare prices etc. This is important knowledge for retailers of beauty and makeup stores. They need to enable smartphone usage in their environments to attract customers. Rese et al. (2019) states that smartphone technologies are one out of three categories that can be implemented in a physical environment, and Blázquez (2014) argues that customers use their smartphones both in-store and at other locations to consume from retailers today. The importance of enabling this is evidenced by both primary and secondary data from this thesis. The result from the primary data do show a variance between the importance of smartphone usages in-store, some used it more than other customers. This is not evidence that indicates that smartphone usages in-store is not attractive for everyone, instead that it is evidence that some customers prefer it more than others and to attract both types of customers it is necessary to enable and endorse smartphone usage in-store.

If a beauty and makeup store have interesting and new technologies, the in-store environment becomes more attractive was evidenced from the primary data collected. It agrees with the provided theory that in-store technologies increase the customer experience (Rese et al. 2019; Alexander and Kent, 2020; Moore et al. 2022). Retailers should provide technologies that are perceived as interesting and new towards the physical environments to increase the creation of extraordinary customer experiences.

The collected data evidenced that customers like interaction when visiting physical stores, and in-store technologies can increase these interactions. Blázquez (2014) argues that technologies like iPads and display screens can be used in the environment to generate interactive experiences. Further on, Boudkouss, and Djelassi (2021) argues that SST provides interactions for the customers in-store. Customers become active participants in delivering service with SST, which in turn engage customers. By engaging customers and interact with them the co-creation av value enables which creates better customer experience. That is why technologies is an important experiential dimension for beauty and makeup stores to use when designing their environments, it is evidenced both in the theory and in the collected data. Another important issue to address is that the customer experience of a store



isn't only the sum of a single visit to a specific retail store. Instead, the customer experience of a brand is the sum of the whole customer journey (Roggeveen et al. 2020). Here technologies can be used to make the whole customer journey as convenient and experiential as possible.

The collected data provided interesting information about customers perception about the technologies in today's beauty and makeup stores in Sweden. The perception was that the retailers didn't provide technologies that increase the experience of the stores. This is interesting because both the secondary and primary data evidence that in-store technologies increases the customer experience. But the retailers in Sweden don't manage to deliver technologies that provide extra value towards the customer experience. The authors don't perceive this in the way that retailers in Sweden have implemented bad technologies within their physical environments. Instead, the reason to why it does not increase the store experience could be that the beauty and makeup stores have technologies in-store that does not stand out, the technologies used is used by other retailers as well which make the technologies disappear in the crowd of the competitors. To provide extraordinary experiences the experience must be memorable according to Alencar de Farias et al. (2014) and to become memorable the retailer needs to do different and unique. That is why retailers of the beauty and makeup market need to rethink about their implementation of in-store technologies and provide such technologies that differentiate them from the competitors, only then can the technologies create extraordinary experiences.

5.6 Swedish retailers

It is evident in this thesis from the primary and secondary data that the experiential dimension of interaction, emotions, differentiation and in-store technologies is considered as important and attractive for customers when evaluating beauty and makeup store to visit. Still, the primary data provides evidence that Swedish retailers fail to deliver these dimensions. This is important knowledge for retailers in the Swedish market, customers want more of those experiential dimensions to gain better customer experiences. Schmitt (1999) states that experiential dimensions are needed when customers seek hedonic consumption. Customers perceived it to be many beauty and makeup stores with service minded employees, but the evidence were not strong enough. This indicates that customers have different perceptions about the employees in Swedish beauty and makeup stores and that the service is not remarkable good from the employees. This is an issue for today's retail stores



when customers' expectations are high and for an experience to be memorable, these expectations need to be satisfied or, better, exceed these expectations. It is the service providers that put up the scene in which co-creation of value can occur (Tynan and McKechnie, 2009; Hollebeek et al. 2019). The employees play an important role when putting up these scenes in the in-store environment. The scenes should be engaging and interactive (Hollebeek et al. 2019). The working employees have an important role to play when creating this engaging and interactive scenes. The authors of this thesis believe that the service from an in-store environment need to differentiate and make unique as well, this is to do the visit more interesting and memorable for customers.

The collected data from how well the Swedish retail stores evoke state of mind of well-being was evident, but not to a very high extent. Customers within Sweden believes it to be two or more beauty and makeup stores that evoke this feeling, but the data indicates that there are different perceptions within customers. What is interesting about this data is that customers chose to visit beauty and makeup stores that create well-being for them, but there is no strong evidence that two or more retailers evoked this state of mind. The reason for this can be many, it can be that one store creates more well-being for a customer than the other, which make them perceive the other once as not creating any of this emotion for them. Another reason could be that Swedish beauty and makeup stores have differentiated themselves from each other and creates other emotions than well-being that is still in favour for customers. Or the fact that Swedish Beauty and makeup stores just fail to deliver these emotions with their environment can be the reason. If the last reason is true, retailers need to manage this. "Perceived environment" and "Desired atmosphere" is the difference of how customers perceive an environment and how a retailer want the atmosphere to be (Alencar de Farias et al. 2014). Even if retailers intend to create a specific environment it could be perceived differently from different customers, which stresses the need for knowing the target audience. The use of different experiential dimensions creates the in-store atmosphere sound (Bagdare, 2013), but it is important that the management follow up how the conscious designed environment is perceived by customers.

Customers do not choose any specific beauty and makeup brands in Sweden just because they are differentiated from its competitors, this is evident from the research. Still, the theory and the research provide evidence that retailers that differentiate themselves from others are more interesting and attractive (Alencar de Farias et al. 2014; Urdea et al. 2021; Rese et al. 2019; Alexander and Kent, 2020; Moore et al. 2022). This means that Swedish beauty and makeup stores today fails to differentiate themselves which is a threat for them.



When the physical stores are perceived as the same, the interest and uniqueness of each environment disappears which decreases the possibility of extraordinary customer experiences to occur. When customers are searching for experiential shopping, extraordinary customer experiences are what is the satisfaction for these customers.

At last, the research found that customers don't think that today's beauty and makeup stores in Sweden have interesting and new technologies in store. Customers disagree that there are beauty and makeup stores that have more interesting technologies than others. The reason for this is viewed by the authors to be the fact that retailers have adopted technologies in their environments, but these technologies are not unique compared to other retailers. The beauty and makeup retailers offer similar experiences of in-store technologies, which make the technologies standard instead of interesting. SST is suggested to use by Boudkouss and Djelassi (2021) and make the customers active in the service delivery of the store. This is examples of technologies that can be implemented for retailers, but it is important to consider how the implemented technologies differentiate the experience of the environment against other environments. Then there are other suggestions for technologies that can be implemented in-store, Rese et al. (2019) argues that technologies available to implement can be divided into three categories, technology concerning payment, smartphone usage and smart retail technology. This research evidence that today's beauty and makeup stores should reconsider different technologies that they can implement to make their customers experience increased into extraordinary customer experience.



6 Conclusion

The conclusion is the final chapter of the thesis, in which the research question will be answered by a summarized of the result. The conclusion will then be followed by the theoretical and managerial implications. At last, limitations of the thesis and suggested future research will be discussed.

6.1 Answering the research questions

The purpose of this thesis was to examine how today's customer perceives in-store environments delivery of customer experience in a context of Swedish beauty and makeup retailers. This purpose was presented into two research questions:

- *Which experiential dimensions do customers want when visiting beauty and makeup retail stores?*
- *What are customers' perceptions about beauty and makeup retailers' in-store environments in Sweden?*

From the empirical findings the conclusion can be drawn that experiential dimensions of interaction, emotion, differentiation and in-store technology is desired by customers between 18-30 when they are visiting beauty and makeup stores in Sweden. The four dimensions were all considered by customers to provide better customer experience when they were implemented in the environment. But the implementation of these four dimensions were not enough in the Swedish beauty and makeup store, according to the empirical findings. Customers of today do not find these dimensions enough to create the experience that they want when visiting the in-store environments. But this does not mean that today's beauty and makeup stores implement these dimensions in a bad way or do not implement them at all. Instead, the conclusion is drawn that beauty and makeup stores in Sweden have these dimensions implemented in the store, but not uniquely. For these in-store environments to meet customers' expectations they need to implement elements of these four dimensions in a way of uniqueness which in turn generates interesting and new experiences for customers which can result in extraordinary customer experiences. They need to reconsider how their in-store environments are designed and provide more unique environments that bring a differentiated experience for customers.



Providing unique experiences of an environment is not an easy task and demands constant progress of the environment. The authors draw the conclusion that when visiting an environment that creates extraordinary customer experience a couple of times, customers start to get used to the environment, which decreases the delivery of extraordinary customer experience. As stated by Alencar de Farias et al. (2014) when providing experiences, the goal of business should be to create such experiences that are memorable by customers. That means, when customers get used to an environment, the creation of new memorable experiences are harder to deliver because customer expect the experience to be in a certain way after the first visits. Which means that the environment doesn't become new and interesting anymore. For an environment to be delivering extraordinary customer experience it needs to provide memorable experiences which is done by new and interesting elements in the environment. This means that beauty and makeup stores in Sweden should keep rearranging and implement elements of the four dimensions in the store to always provide new memorable experiences towards the customer.

6.2 Theoretical and managerial implications

From a theoretical perspective, this thesis provides important knowledge that both confirms existing theories and contributes to further knowledge about the concept of customer experience in physical retail stores in Sweden. Further, the knowledge provides evidence for different customer demands when consuming from a physical store and an online store. This difference indicates that the sense of touch is important when consuming from a physical retail store, but the sense is not considered as an obstacle for shopping online. This contributes to knowledge and understandings about customer experiences in the context of beauty and makeup retailing.

Beauty and makeup retailers can further use this knowledge to better design their environments to provide extraordinary customer experiences. From a managerial perspective, this thesis provides understandings that environments demand constant progress to keep interesting and deliver memorable experiences for customers. Swedish beauty and makeup stores should use this knowledge to become and continue to be unique and differentiated.



6.3 Limitations and suggestions for future research

The hypothesis and questionnaire statements provided limitations for this thesis. It made the thesis to focus on specific experiential dimensions and limited the collection of data to only provide understandings about the specific experiential dimensions. But underlying reasoning of why a certain dimension is important or nor was not provided by the collected data. The reasoning why perceptions about different dimensions occurred was instead discussed by the authors in the analysis. The authors suggest further research to examine customers reasoning about different experiential dimensions. This thesis was examining Swedish beauty and makeup stores in general, which limit the thesis to find differences between retail stores in Sweden. Further research could then examine beauty and makeup stores that have different price segments and target different audiences, which could provide interesting knowledge about how different beauty and makeup stores perform and expects to perform. At last, the collection of data limited the thesis to show differences between different customers. It was only found richness in the age group of 18-30 which only enable conclusions for these customers to be drawn. Further research is suggested to examine other age groups that in which enables differences between customers to be understood.



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Appendix

Appendix 1 – Questionnaire from Google Forms

Hej!

Vi är två studenter, Jonathan Linnér och Isabella Olsson, som läser Customer Experience Management på Linnéuniversitetet i Kalmar. Just nu skriver vi vårt examensarbete där syftet är att ta reda på kunders upplevelse av fysiska skönhetsbutiker i Sverige och hur väl dessa butiker lyckas skapa minnesvärda upplevelser av kunders butiksbesök.

Du som svarande är en viktig del till att vi ska kunna besvara vårt syfte vilket gör oss väldigt tacksamma för din tid och dina svar.

Alla svar är anonyma och svaren kommer endast användas för att besvara examensarbetets syfte.

Med vänliga hälsningar
Jonathan och Isabella

OBS: Med skönhetsbutiker menar vi butiker som erbjuder smink, parfym, hudvård m.m. Exempel på sådana butiker är Kicks, Body shop och Rituals. Vi undersöker upplevelsen av svenska butiker så ha svenska butiker i åtanke när ni svarar på formuläret.

Questions and statements

1. Hur gammal är du?

- Kort svarstext

2. Kön?

- Kvinna
- Man
- Annat

3. Jag gillar den personliga kontakten som jag får när jag besöker fysiska butiker.

- Instämmer inte alls 1 2 3 4 5 6 Instämmer helt

4. Det är viktigt att den skönhetsbutik jag väljer att gå in i har serviceinriktad personal.

- Instämmer inte alls 1 2 3 4 5 6 Instämmer helt



5. Jag väljer skönhetsbutiker där jag vet att de har serviceinriktad personal.

- Instämmer inte alls 1 2 3 4 5 6 Instämmer helt

6. Jag tycker att det finns många skönhetsbutiker i Sverige som har serviceinriktad personal.

- Instämmer inte alls 1 2 3 4 5 6 Instämmer helt

7. Möjligheten till att kunna testa produkter i en butik är viktigt för mig.

- Instämmer inte alls 1 2 3 4 5 6 Instämmer helt

8. Det är viktigt att den skönhetsbutik som jag besöker har en tilltalande estetisk miljö.

- Instämmer inte alls 1 2 3 4 5 6 Instämmer helt

9. Jag väljer att besöka skönhetsbutiker som skapar känslor av välbehag hos mig.

- Instämmer inte alls 1 2 3 4 5 6 Instämmer helt

10. Det finns två eller fler skönhetsbutiker i Sverige som skapar känslor av välbehag hos mig.

- Instämmer inte alls 1 2 3 4 5 6 Instämmer helt

11. Jag föredrar skönhetsbutiker som har en lugn och behaglig miljö, det gör att jag får en lugn och behaglig känsla i kroppen när jag handlar i den butiken.

- Instämmer inte alls 1 2 3 4 5 6 Instämmer helt

12. När skönhetsbutiken som jag besöker skapar ett lugn hos mig har jag lättare för att ta god tid på mig i butiken och kollar på produkterna mer noggrant.

- Instämmer inte alls 1 2 3 4 5 6 Instämmer helt

13. Musiken i en butik tillsammans med hur butiken ser ut påverkar hur jag mår i en butik.

- Instämmer inte alls 1 2 3 4 5 6 Instämmer helt

14. Jag undviker skönhetsbutiker som inte skapar ett lugn hos mig när jag besöker den butiken.

- Instämmer inte alls 1 2 3 4 5 6 Instämmer helt



15. Jag tycker det är roligare att besöka skönhetsbutiker som skiljer sig från andra butiker. (Butiker som skiljer sig genom en intressant design, produkter, möbler, färger m.m.)

- Instämmer inte alls 1 2 3 4 5 6 Instämmer helt

16. Det finns butiker i Sverige som jag väljer att besöka just för att de skiljer sig från andra skönhetsbutiker.

- Instämmer inte alls 1 2 3 4 5 6 Instämmer helt

17. Skönhetsbutiker som erbjuder mer än bara att sälja sina produkter är mer intressant för mig. (exempel, gratis provsminkning, kunnig personal, self-checkout, QR-koder som jag kan skanna med min mobil för att få information m.m.)

- Instämmer inte alls 1 2 3 4 5 6 Instämmer helt

18. Butiker som har en unik butiksmiljö är mer intressant för mig.

- Instämmer inte alls 1 2 3 4 5 6 Instämmer helt

19. Jag undviker butiker som jag upplever är designade på ett tråkigt sätt.

- Instämmer inte alls 1 2 3 4 5 6 Instämmer helt

20. Det är viktigt för mig att kunna testa en skönhetsprodukt innan jag köper den.

- Instämmer inte alls 1 2 3 4 5 6 Instämmer helt

21. Det är mer sannolikt att jag köper en skönhetsprodukt om jag har testat produkten innan.

- Instämmer inte alls 1 2 3 4 5 6 Instämmer helt

22. Jag undviker att köpa skönhetsprodukter som jag inte har möjlighet att testa innan jag köper produkten.

- Instämmer inte alls 1 2 3 4 5 6 Instämmer helt

23. Jag använder min mobiltelefon i skönhetsbutiker för att söka efter information kring produkter, jämföra priser m.m.

- Instämmer inte alls 1 2 3 4 5 6 Instämmer helt



24. Det finns spännande teknologier i dagens skönhetsbutiker som förhöjer upplevelsen av butikerna. (teknologier så som, teknologier som kan skanna mitt ansikte och ge mig min hudtyp, QR-koder med nödvändig information m.m.)

- Instämmer inte alls 1 2 3 4 5 6 Instämmer helt

25. Det finns skönhetsbutiker i Sverige som har mer spännande teknologier än andra.

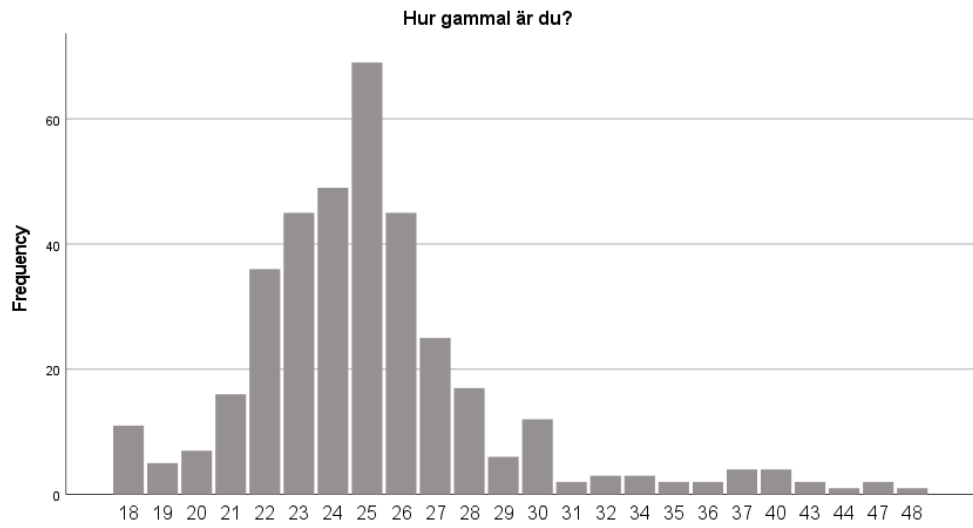
- Instämmer inte alls 1 2 3 4 5 6 Instämmer helt

26. Jag föredrar butiker som har spännande teknologier för att det blir en roligare och häftigare upplevelse.

- Instämmer inte alls 1 2 3 4 5 6 Instämmer helt

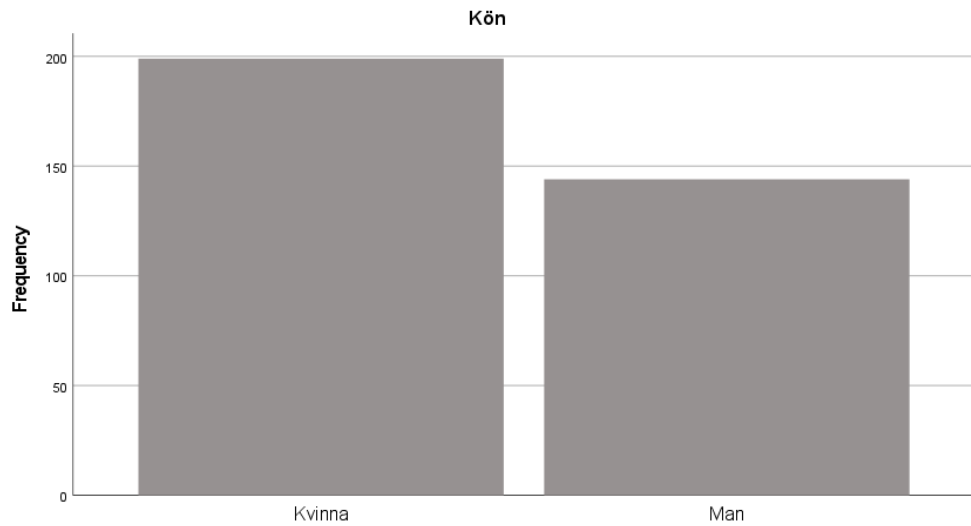


Appendix 2 – Age of respondents





Appendix 3 – Gender within the respondents between 18-30 years old.



When the respondents were asked which gender they identified themselves with the option of women, male and other were available. It was no one that identified themselves as other which is why that option is excluded in the bar-chart above.