

# **From vision to innovation: New service development through front-line employee engagement**

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## **ABSTRACT**

This article investigates how service companies might engage frontline employees in transforming a market vision into a new service routine. This is a major challenge given the separation between those making decisions at the managerial level and those interacting with customers, ultimately enabling the service experience. Through interviews and observations, we capture the mechanisms and practices that emerged in an in-depth case study of a radical service innovation anchored in a new market vision. Our findings show that frontline employee engagement in the innovation process has to be triggered by managers, thereafter unfolding naturally in cycles of proactive behaviour and experimentation. The emerging routinization process allows transitioning from the definition of a new vision to new routines through guiding and building on employees' experience and proactive behaviour, institutionalizing the new practices that ultimately lead to radical service innovation. This study contributes to the service innovation literature by merging two very different sources of knowledge, namely vague, intangible, and radically new visions, and practical and tacit frontline employee experiences usually associated with incremental innovation.

**Keywords:** service innovation; vision; front-line employees; routines

## Introduction

*'When I first discovered in the early 1980s the Italian espresso bars in my trip to Italy, the vision was to re-create that for America - a third place that had not existed before. Starbucks re-created that in America in our image; a place to go other than home or work. We also created an industry that did not exist: specialty coffee'* (Howard Schultz, Starbucks CEO, on Super Soul Sundays, 2013)

Radical innovation often stems from managers or entrepreneurs creating a new market vision (O'Connor & Veryzer, 2001; Reid et al., 2015), an intuition deriving from the accumulation of different types of knowledge, as in the case of the trip to Italy for Schultz (Verganti, 2017). Schultz's opening quotation emphasizes his subjective judgment of the transformation of coffee consumption in American society and the launch of the new Starbucks concept. According to Thongpravati et al. (2020, p. 124), a market vision is 'a clear and specific early-stage mental model or image of a product-market' that enables radical innovation. Often, this type of vision pertains to a very small group of people or even a single individual (Wilson, 1992; Bellis & Verganti, 2020), and needs the support of the entire organization to lead to designing new offerings (Lynn & Akgün, 2001). Thus, in this paper, we focus on the implementation stage of the new service development process, particularly prototype development and testing (Sandler et al., 2005).

The concept of vision in its technological (Reid et al., 2014), market (Thongpravati et al., 2020), or strategic dimensions (Wilson, 1992) has garnered much attention in the organization and product development literature. A vision is considered an antecedent of innovation in the service context, even if this relationship remains underexplored (Hollebeek & Andreassen, 2018). In our conceptualization, a market vision is the mental model of a new service-market that enables radical service innovation. Services are highly complex systems involving multiple actors in their provision (Patrício et al., 2011), characterized as processes rather than outcomes (Vargo & Lusch, 2004). The co-creation of value with customers depends on a series of interactions between individual customers and frontline employees (Solomon et al., 1985;

Prahalad & Ramaswamy, 2004). While human capital is a key factor in enabling radical service innovation (Aragón et al., 2014), the mediation of employees in service provision may cause inefficiencies or barriers to implementing a new market vision in novel practical routines, the last stage of effective innovation implementation (Meyer & Goes, 1988). Unlike products, the values embedded in a vision cannot be translated into fixed product characteristics. Rather, value is co-created by frontline employees with customers. The separation between those conceiving the vision and those in charge of embodying and communicating it to customers may lead to the non-optimal transfer of these values from the firm to customers. Thus, understanding how to engage frontline employees in implementing a market vision for new practical routines is critical for firms to fully realize radical service innovation. This topic is still underexplored in the service innovation literature that tends to conceptualize innovation as emerging from the adaptation of practices at the front-end, rather than implementing a new vision in a top-down perspective (Perks et al., 2012). Therefore, this study aims to understand how to transition from a market vision to new coherent service routines through engaging frontline employees in the development process. To do so, we address the following research question: *How can frontline employees be engaged in, and contribute to, implementing a market vision for new service routines?*

To conduct this investigation, we focus on a case from the retail industry. Physical retail is experiencing a huge transformation (Kervenoael et al., 2018), mainly due the continued rise of e-commerce and digital-based players (Danziger, 2019). To react to this scenario, scholars call for radical innovations to transform the role of the store (Bell et al., 2014; Pine, 2017; Pinto et al., 2017) and re-establish competitive advantage. Moreover, retailing entails a high degree of interaction between customers and frontline employees (Andreu et al., 2010) who co-create value with customers during their interactions, and the way they attend to customers drives customer satisfaction. This makes retailing a critical sector, since strong alignment is needed to

provide the same value across the experiences of different people, in diverse locations, and the varying characteristics of stores (Ailawadi & Farris, 2017). In particular, we focus on pharmacy retailing. The highly functional nature of pharmacies, usually simply pick-up points for medicinal products, and the profound changes this sector is undergoing due to changes in regulations (especially in Italy), make this a relevant study context. Traditionally, pharmacy networks did not exist in Italy, with licenses to operate only issued to family-owned businesses. However, a change in regulations in 2018 allowed international chains to enter the market, leading to the emergence of highly innovative concepts, such as the case study we focus on.

### **Literature review**

Two literature streams are relevant to understanding the problem and setting the boundaries of existing knowledge according to the two different levels of analysis of this study. On the one side, the conception of a new market vision at the managerial and strategic level, on the other side, the embodiment of this vision in a new service solution at the operational level where day-to-day routines shape the value provided to customers.

#### ***The vision in the innovation strategy***

Conceiving a vision means going beyond the current status of knowledge, a hypothesis of something that is still unclear, starting from one's values (Rafferty & Griffin, 2004). In the managerial context, the vision plays a central role in several domains: from the generation of strategic decisions (Carlisle & Baden-Fuller, 2004; Liedtka, 1989) to organizational phenomena, including identity (Ashforth & Mael, 1989), culture (Schein, 1985), person-organization fit (Cable & Edwards, 2004), and socialization (Dose, 1997). In this study, we focus on the vision as the trigger of the innovation process: the antecedent of concrete ideas, providing boundaries for thinking, and allowing the team to grasp the underlying core values (Waldman & Bass, 1991; Reid & De Brentani, 2004).

A market vision relates to a new offering to be brought to the target market, commonly differentiated in two dimensions: intrinsic and extrinsic (Reid & De Brentani, 2010; Thongpravati et al., 2020).

- Intrinsic dimension: the description of the vision itself composed of images, metaphors, grandiose goals, components that cannot be separated from the mental image. It is built from the core ideology, which is ‘the glue that holds the organization together as it grows, decentralizes, diversifies, expands and develops workplace diversity’ (Collins & Porras, 1996). The organization’s most important values and purpose are contained therein (Collins & Porras, 1996), constituting the ‘reason why’ the firm exists. Extending it to the innovation discourse, scholars call it the ‘meaning’ of a new product or service (Verganti, 2017), which needs to be aligned with the institutions and meaning evolving at the market level (Sanasi et al., 2021).
- Extrinsic dimension: the way the vision is shared among organizational members (Hamel & Prahalad, 1994). The three main characteristics for a vision to be effective in an organization are: clarity in terms of the leader’s direction (Spragins, 1992; Kilpatrick & Silverman, 2005); stability, or the degree to which the vision is subject to change over time, usually more critical in radical than incremental innovation (Bourne & Jerkins, 2013; Lynn and Akgün, 2011) and support, namely the extent to which people are committed to and believe in the vision itself.

The link between these two dimensions is the focus of our study. The new vision’s intrinsic dimension is usually developed by managers or radical circles (Bellis & Verganti, 2020; Farrel, 2003; Altuna et al., 2017). Understanding how to move from the conception of the new vision of a few people to its wide adoption by organizational members is critical to implementing a new vision in practice.

Once widely accepted and adopted by organizational members, the market vision may lead to the development of several new products and services, as Verganti (2017) explains in the case of the Alessi product line 'Family Follows Fiction'. At the project level, it has been empirically shown that teams work more efficiently when they share a common perspective of the strategy. The development of clear and common goals ensures more effective results (Kahn & McDonough, 1997; Shenhar & Holzmann, 2017). Conversely, ambiguous directions lead to speculation, readjustments, debates, and many time consuming activities (Kessler & Chakrabarti, 1996). A stable vision can optimize a project's efficiency in terms of time, decisions, and production costs. The vision must be stable at the implementation stage (Lynn & Akgün, 2001), and firms must ensure that frontline employees share and shape their routines to align with it.

### ***Vision implementation***

Different literature streams have addressed the vision implementation issue. Organizational studies focus on the determinants that make innovation implementation effective, as related to firm culture (Klein & Sorra, 1996), employees' skills (Gittell et al., 2011), team composition, and internal climate (Somech & Drach-Zahavy, 2011). At the same time, the marketing literature addresses the implementation issue by taking the perspective of employees as customers of the new process or way of working (Repenning, 2002; de Jong & Vermeulen, 2003; Taylor & Todd, 1995). Implementation research tackles the same phenomenon (Linton, 2002) focused on the processes and phases that allow switching from developing to implementing an innovation (Tornatzky & Klein, 1982).

Taking a process perspective, May and Finch (2009) propose a sociological perspective on the routinization of new practices by groups based on a shared vision, particularly suited to our study since we focus on the social dynamics involved in the process where routinization is the last stage of innovation implementation (Meyer & Goes, 1988). The normalization process

theory was first conceived in anthropological studies as a way for isolated populations to develop traditions, recently applied to the broader social sciences domain to understand the development of new routines in healthcare (May et al., 2018; Burau et al., 2018), education (Wood, 2017), and psychology (Xanidis & Gumley, 2019). May and Finch (2009) propose a framework that shows how values are routinized through the collective agency of groups of people.

As the foundational elements of an organization, employees can be seen as an autonomous group characterized by beliefs embedded in the organizational vision (Baumgartner, 2020) and specific rituals building the organizational culture (Sueldo & Streimikiene, 2016). Thus, a subset of employees sharing the same organizational setting might actively develop new routines. Employees in large corporations usually share the same spaces and develop organizational routines (Becker, 2004). Groups have been observed to form common identities, with different people acting as sponsors, bringing on-board those less prone to change (Conner & Patterson, 1982). Thus, large organizations benefit from the shared social environment their employees are immersed in to manage the routinization of a vision through developing and adopting new organizational routines, essential to fostering change and developing radical innovations (Becker et al., 2005).

In retail settings, employees at the front-end are more likely to engage with sub-groups, potentially developing specific routines for their setting. Indeed, understanding their potential contribution to routinizing a new vision requires analysing their role in the organization's innovation process and implementation.

### ***The role of frontline employees in service innovation***

The interaction between customers and frontline employees (FLEs) is critical, constituting the main point of contact between a service firm and customers (Stock, 2015) where value is co-created (Prahalad & Ramaswamy, 2004). This is particularly evident in physical retailing,



where the store experience is highly influenced by the actions of FLEs (Artusi et al., 2020). This key role has put FLEs at the centre of numerous research streams focused on understanding their interaction with customers, how they can increase the quality of the service offered (Pimpakorn & Patterson, 2010), and the outcome in terms of customer satisfaction (Sousa & Coelho, 2013). This view, which evolved from older paradigms where the function of FLEs was designed to be extremely narrow and simple, an ‘idiot-proof job’ (Schlesinger & Heskett, 1991), considers FLEs highly important and active in customer experience formation, but rather unimportant in driving innovation. More recently, FLEs have been recognized as having a more active and fundamental role in driving value co-creation with customers (Lusch et al., 2007; Vargo & Lusch, 2004), engaging them over long periods (Boles & Babin, 1996), and delivering customer delight (Guidice et al., 2020). Through being in constant contact with customers, they are the only organizational figures able to develop deep knowledge about how to interact with them. As such, a recent theoretical development is the active engagement of FLEs or leveraging their knowledge to foster innovation (Bowen, 2016).

This paradigm shift has derived from reflections on the type of knowledge that FLEs can bring to the firm. As many authors argue, constant contact with customers makes them particularly knowledgeable on their evolving needs (Lusch et al., 2007; Sørensen & Jensen, 2015). FLEs adopt routines in their interactions with customers and are continually required to adapt them to different customers, contexts, and visiting hours (Wilder et al., 2014). This constant re-working of routines enables them to acquire and develop new knowledge, modify the selling ceremony, and eventually arrive at a new way of selling products. In other words, an ongoing process of developing incremental innovations (Perks et al., 2012).

In view of how the highly tacit knowledge that FLEs develop emerges, it is not directly available to managers (Engen & Magnusson, 2015). However, it holds value that goes beyond the incremental adaptation of the service offered to customers. Indeed, firms must design

mechanisms that allow translating it into explicit and actionable knowledge, then transferring this knowledge from the service front-end to the managerial level. Therefore, shaping the organization so that few layers separate managers from FLEs enhances the appropriability of such knowledge. Toivonen and Tuominen (2009) state that FLEs continuously collect information from customers, comparing it with the actual solution implemented as a service. Ideas are generated from this continued comparison of customer desires and the actual service delivered. This is in line with Karlsson and Skålen (2015) who focus on the picture that FLEs draw of customers and their practices as a result of their constant face-to-face interactions. In this way, they can provide the first meaningful input in terms of fresh ideas for service innovation (Moosa & Panurach, 2008; Sundbo & Darmer, 2008). Many firms design systems that allow FLE-generated knowledge to be easily transferred to development teams, providing a constant source of new ideas to nurture the innovation process.

In this study, we focus on the opposite direction in the corporate-FLE interaction: the role of frontline employees in developing new routines aligned with a market vision, rather than their work to probe the market and generate inputs for the innovation process. Indeed, while widely accepted that employees are important to test new value propositions offered to customers (Åkesson et al., 2016), few studies focus on understanding how FLEs might be engaged in implementing a new market vision in new service routines.

In fact, the involvement of FLEs in the implementation stage is pivotal to facilitating the process (Ordanini & Parasuraman, 2011), especially for innovations that start from an internal vision (inside-out process; Verganti, 2017). The detachment between those who develop the innovation strategy and those who deliver it to customers makes the issue of re-interpretation particularly relevant. Since FLEs play a critical role in co-creating the customer experience (Prahalad & Ramaswamy, 2004; Payne et al., 2008), they might imbue the service experience with a high degree of subjectivity (Liao & Chuang, 2004), tailoring the service to specific

customer needs and their contextual feelings. In turn, this subjectivity may potentially hurt the transmission of the vision itself and the related values to customers. Therefore, we claim the need to better understand how frontline employees might engage in the innovation implementation process to help translate a market vision into new service routines at the service front-end.

## **Methodology**

As we aim to study a social process in which multiple human actors are involved in interpreting and working on an intangible concept – the vision – we adopt a qualitative research methodology that allows digging deeper into the system. Although criticized in the literature for being subjective (Yin, 2013) and difficult to replicate, a case study analysis is very suitable to analyse social systems, highlighting all the dimensions that intervene in shaping a phenomenon (Eisenhardt, 1989). Instead of aiming for generalizability, we sought to gather deep knowledge on the phenomenon under study by focusing on a single case (Yin, 2013), analysing it within the context rather than abstracting from it. This enabled us to extensively study the case over a period of three years (from March 2017 to February 2020), triangulate the data from different sources, and engage with all the relevant actors in the system.

Our selected case, Apoteca Natura, is revelatory (Eisenhardt & Graebner, 2007) in that it is an expanding international retail company recognized with several awards for being one of the most innovative retailers in the pharmacy sector. The company won the Italian innovation award (SMAU) for customer experience and app design in 2018 (Pozzetti, 2019), and has been featured in several trade magazines for the new vision and experience offered to customers (Buonamico, 2018). Apoteca Natura's focus on 'conscious health' is in line with the worldwide tendency of pharmacies to holistically embrace patient care (Manning & Kristeller, 2017). As stated on its website, Apoteca Natura is the first international company to adopt a holistic approach going beyond care to engage customers in a journey that brings awareness and

consciousness of their health-related issues. Thus, we deem this a case of radical service innovation for envisioning and bringing to the market new values that did not exist before, adopting a new service routine that has been effectively scaled across different store formats (directly operated stores, franchises, and stores within malls).

This plurality of formats makes it particularly interesting to understand how Apoteca Natura was able to transfer the new values embedded in the vision across different retail services. We gathered the data for our study through different means:

- Interviews with managers: five semi-structured interviews (Harrell & Bradley, 2009) with managers from the retail, marketing, and human resource functions, the CEO, and General Manager.
- 12 interviews with frontline employees: store managers (responsible for in-store daily operations), pharmacists (sales people with a pharmacy degree), and sales assistants (sales people with no pharmacy degree) in all three store formats.
- Direct onsite observation: three researchers participated in field observation to understand the service delivery in six different stores, two for each format.
- Secondary sources: academic research, internal documents, newspaper and magazine articles, practitioner awards.

Table 1 summarizes the different ways we gathered and triangulated the data.

**Table 1.** Primary and secondary data sources

<b>Interviews</b>	<b>Direct observation</b>	<b>Secondary sources</b>
CEO	6 multiple-day observation in stores	Pharma trade magazines
General Director		Academic articles
3 Managers	- 2 days in directly operated stores	Practitioner awards
- Marketing manager	- 2 days in franchise stores	Internal documents
- Retail manager	- 2 days in stores in stores within commercial centers	
- Training coordinator		
5 Store Managers		

- 2 in directly operated stores	Participation in company meetings and workshops
- 2 in franchise stores	
- 1 in stores in stores within commercial centers	
7 Frontline Employees	
- 4 in directly operated stores	- Apoteca Natura convention 2017, Lisbon
- 2 in franchise stores	- Apoteca Natura convention 2018, Florence
- 1 in stores in stores within commercial centers	- 6 training sessions in Florence (2017-2019)

Given the nature of a single case study, often subject to criticism, we rigorously maximized its validity and reliability (Yin, 2013):

- Internal validity: on the relationship between variables and results (Gibbert et al., 2008), we analysed the case based on existing theory and the relationships between variables. We used pattern matching (Tellis, 1997) to predict the outcomes in relation to observation.
- Construct validity: in line with academic prescriptions, we enhanced this measure by establishing a clear chain of evidence, as noted in the discussion of the results (Yin, 2013). In particular, we interviewed the parties involved in the generation and embodiment of the new vision, then analysing our findings in relation to the research question, and triangulating the data from multiple sources (Denzin & Lincoln, 1994).
- External validity: while not aiming for statistical or analytical generalizability, we provide a clear rationale for selecting the single case (Eisenhardt, 1989), deemed critical in that it embodies all the main issues in implementing a new vision in a service organization. Although the data are context-specific, the starting problem and the findings are not, allowing for their application in a broader set of services.

- Reliability: to minimize the possibility of biases, the two authors and a third researcher were involved in the data collection and analysis, the latter performed independently by the researchers who then discussed and agreed on the findings.

To increase the validity of our study, we provide the interview protocol in the Appendix. Given that the interviews were semi-structured, we used these questions to guide each interview but tailored the tone and questions to the specific respondents.

We inductively analysed, coded, and grouped the data into categories. We used in-vivo conceptual coding (Strauss & Corbin, 1990) for the first-order concepts (Gioia et al., 2013) derived from the empirical evidence. After completing the first-order coding, we identified the relations and clusters to group them into second-order themes related to the embodiment of the organization's new vision. Finally, based on theory, we categorized these themes into aggregate dimensions (Gioia et al., 2013).

The two authors and two external researchers were involved in each of these steps. One of the researchers is a member of the same department, while the other is from a different field (semiotics). We discussed the codes identified and their aggregation into themes and dimensions until reaching agreement and then independently proceeded with the subsequent steps. This led to a non-linear process that ended when the relationship among the variables became clear and additional interviews brought no new knowledge.

### **Research setting**

Apoteca Natura is a network of pharmacies founded in 2000 in Tuscany, Italy. The company is closely related to its parent company Aboca that previous studies have recognized as particularly innovative (e.g., De Massis et al., 2016). The company offers both a proprietary retail channel focused on selling Aboca's natural products and a franchise system with third-party pharmacies. Its core business is natural products for personal care and traditional medicines for the regular treatment of illnesses, initially evolving in the national market until

2012, the year of the first expansion into Spain. In 2019, the company operated 915 stores in Italy, Spain, and Portugal, with plans to enter the Polish, UK, and French markets, serving around 200,000 customers per day with a sales force of 4,000 frontline employees. Apoteca Natura's stores are managed by store managers who usually have a medical degree, ensuring the appropriate professional background to deal with patients. Moreover, those behind the counter are usually pharmacists with a pharmacology degree and know how to deal with the ailments of those affected and their relatives. In addition, regular sales assistants and other personnel manage the back end.

We selected this case for its innovativeness and the fact that the company reacted to changing pharmacy regulations by envisioning a market vision for their new retail services. Indeed, Apoteca Natura radically innovated the pharmacy's role by changing from providing products for treating ailments to offering 'conscious health' (*salute consapevole* in Italian) to respond to the need to align with the evolving market demand. Unlike in the past, managers envisioned a scenario where people are more conscious of their medical status, the optimal lifestyle to age well and avoid health issues, and generally, more prone to taking care of their health, increasing consumption of organic food, and the use of personal care products. For Apoteca Natura, this was an opportunity to stimulate people to obtain more health-related knowledge and empower them to take care of themselves appropriately and knowledgeably.

The interviews we conducted at all levels of the organization allowed us to map the social processes involved in embodying the new vision in new service routines.

## **Findings**

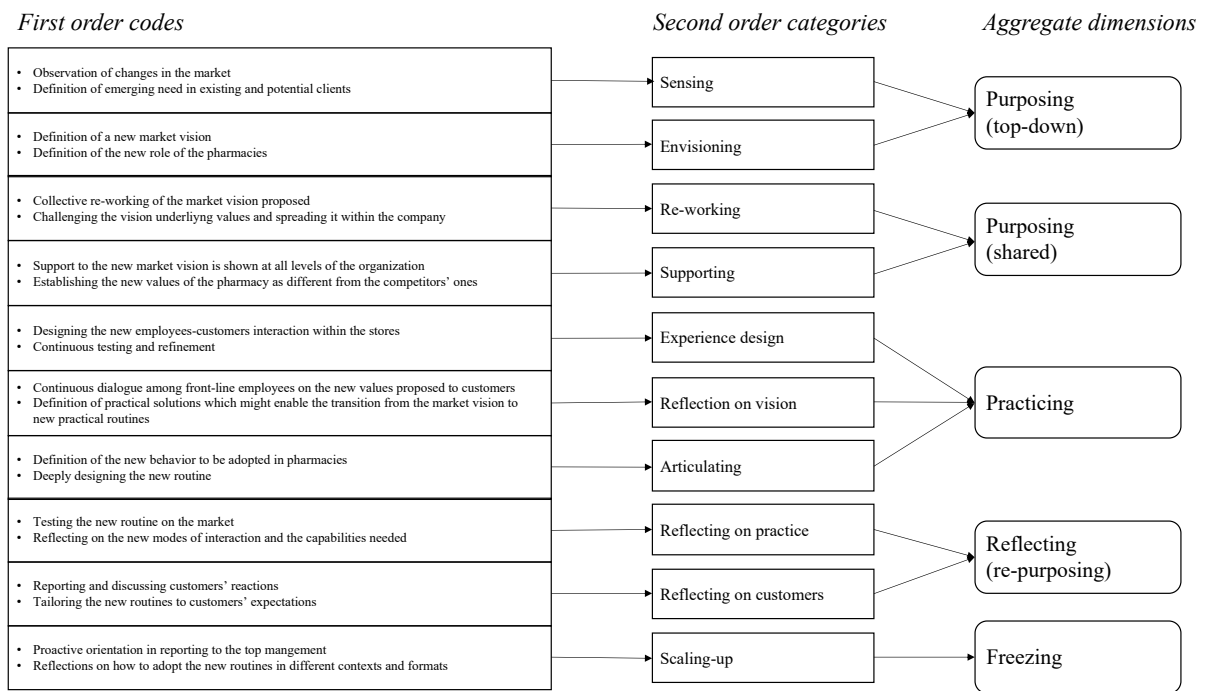
Apoteca Natura's market vision is focused on the pharmacy's role in pursuing the common good, increasing knowledge rather than simply providing health-related solutions. As the CEO stated:

*'Every business that wants to be recognized as a business must be a benefit corporation. In our vision of entrepreneurship, running a socio-economic activity is intertwined with pursuing the common good; these values have already been in our DNA for many years but now we can demonstrate that this approach is a success factor. Generating value for society is the first condition that allows businesses like us to establish in a market.'*

To systemically offer knowledge and care, and promote natural products, Apoteca Natura launched its first new store in 2017 after redesigning the flagship store in Florence to respond to this new vision. As we will detail in the next section through the interviewees' words, the new concept differed greatly from the traditional pharmacy layout and experience. The stores are centred on the patient, providing different corners focused on the different organs rather than diseases, and spaces for self-medication, signalling the company's intention to do good before making profit. The pharmacists spend a great of time with customers, deeply investigating their health issues and the consequent practical problems. There is no rush to suggest a solution; rather, they provide advice to deal with the situation and change habits. Following the huge success in customer satisfaction, the company tested two smaller pharmacies in late 2017 before the formal roll out at the beginning of 2018, which is still ongoing. The new concept also helped the network acquire more pharmacies attracted by the new format and the positive word-of-mouth among customers.

The next sections present the data retrieved from the primary and secondary sources. The data structure is shown in the coding tree in Figure 1. The following subsections are organized based on the structure emerging from the data, then using this same structure to derive the model for routinization a vision. Table 2 shows additional quotations supporting the data structure.





**Figure 1:** Emerging data structure

**Table 2:** Representative supportive data for each second order category

<i>Dimensions and Representative quotations categories</i>	
Purposing (top-down)	
<i>Sensing</i>	<ul style="list-style-type: none"> <li>• <i>So, the switch is to give a concrete answer and be a reference point for people. Customers want to perceive the experience and professionalism of the pharmacist who operates in the Apoteca Natura pharmacy</i></li> <li>• <i>People want to be followed, guided, especially in medicine which is a sensitive area. They want to be reassured and understand how to deal with it.</i></li> </ul>
<i>Envisioning</i>	<ul style="list-style-type: none"> <li>• <i>We want to provide conscious health. If we talk about health, you have to be able to read the need of the person, both from a scientific point of view and from other problems of the organism.</i></li> <li>• <i>In our pharmacies we cannot look at the problem in isolation, but in the context of the person's health. So we don't treat that health need in watertight departments, but connect it with the whole organization, the person but also the environment in which he/she lives.</i></li> </ul>
Purposing (shared)	
<i>Re-working</i>	<ul style="list-style-type: none"> <li>• <i>Conscious has also to do with the relationship with the person, putting him at the center because the moment I know him, I take care of him, I follow him. So for us, conscious needs to be also accompanying the person on the path to health. The more we accompany them and make them aware, the better they will be treated. Surely this relational approach, the knowledge, the sharing of what the problem is, would make the person more adherent to the therapy.</i></li> <li>• <i>We recognized that the product appears no longer as the end but as the means to satisfy the user. With its ever-growing experience and knowledge [the front-line employee] must be able to create value to sell rather than sell to create value</i></li> </ul>

Supporting	<ul style="list-style-type: none"> <li>• <i>We started to feel invested with a responsibility that we had lost. And the fact that we regain this responsibility that we have towards those who enter, the people who enter the pharmacy, makes us very happy to share this new vision</i></li> <li>• <i>Pharmacies started coming to me saying they were happy to work with a clear meaning, which is that of the common good and the community, for which they work, own and want to collaborate</i></li> </ul>
Practicing Experience design	<ul style="list-style-type: none"> <li>• <i>We started to understand how to change the service we operate by adopting the conscious health value, which means that for all problems there is a remedy, for the most serious ones you go to the doctor, but health consciousness wants the customer to realize that he can intervene not only by taking the product but also through what he is and what he does.</i></li> <li>• <i>There's a new attitude that it's not "you ask me for the product and I'll give it to you" but once you ask me for the product, express a need or present me with a prescription, which are the only three reasons why a person enters the pharmacy, in these three cases there's still a deepening that allows us to give them a comprehensive advice</i></li> </ul>
Reflection on vision	<ul style="list-style-type: none"> <li>• <i>This new thing, which at the beginning was disorienting, however we have noticed that it is something that allows us to carry out our actions much more efficiently and with more satisfaction</i></li> <li>• <i>This concept has made some people fall in love with their work again, especially those of the past generation (45-50 years old) who had fallen out of love with their profession in past years. This return to the "take care of ..." of course it is more difficult, of course it is a constant update, you have to work harder, but it is also much more satisfying because you understand that you are a point of reference.</i></li> </ul>
Articulating	<ul style="list-style-type: none"> <li>• <i>In the integrated advice, I also suggest the product, but there are facets that surround it, contextualize it and make it no longer just any advice you can get elsewhere.</i></li> <li>• <i>We started designing the advice by also giving a lot of informational materials that gold can do a consultation with and they are affordable. Apoteca Natura has a site and an app that allows you to do the reminder of the therapies, has a pedometer... and functions with which the client, regardless of the advice, can do self-monitoring.</i></li> </ul>
Reflecting (re-purposing) Reflecting on practice	<ul style="list-style-type: none"> <li>• <i>We were reasoning on this advice and thinking that it may seem obvious, but not so much. And even in doing pharmacy, often, there is the accompaniment of the advice that concerns the product to the advice that concerns these other fundamental aspects of life and habits. So, in this sense, the integrated advice embraces the person and is personalized. The integrated advice leads you to create empathy with people, to enter a little bit into their lives.</i></li> <li>• <i>We discussed that this is one of the principles that health consciousness is built on. And it's a very appreciated thing, they are very happy, they say "I thank you because you listened to me" and if you think about it, it's like the pedestrian who thanks you when you cross the street, it shouldn't be like that.</i></li> </ul>
Reflecting on customers	<ul style="list-style-type: none"> <li>• <i>We noticed that the most attentive observer, if pointed out, says they noticed the different layout than the regular pharmacy. It also helps them when they become more practical to self-serve. Once one has figured it out it goes direct (hair, self-medication,...)</i></li> <li>• <i>The attitude before was to point at the counter. The pharmacy could be beautiful, but the customer points at the counter, especially the elderly. Today there is more of a distribution, it's a matter of distribution. Then, those who have a prescription obviously move closer to the counter, but there is a discourse of distributing themselves more in the pharmacy, in this the attitude has changed. Then the fact that the pharmacy is so different from the idea that one had of pharmacy, makes the person change</i></li> </ul>

*his attitude. I'm not just talking about the people who already know what they need to get, they pick up and pay at the register. The fact that you wait your turn and take a look in the meantime, makes the pharmacy not just a place to stand in line and wait.*

Freezing

Scaling-up

- *We understood that his is something that guides us, obviously the behavior in the pharmacy cannot be tied to an algorithm but it is a guideline that helps us anyway. But it's a starting point that helps us in this thing, then the dialogue can take a number of directions that lead to something even more distant.*
- *There is a guideline that must be followed, but we still have freedom in our relationship with the client. Even a pharmacy much smaller than this with a different clientele, the approach based on advice and listening is something that can be exported. As far as structure is concerned, it takes a very large pharmacy to have such a detailed display in worlds, so neat and large with so many things on the shelves. Something can be recreated in a small way, not by brand, but by health area... Clearly, this must be adapted to the type of environment and clientele. But correcting the shot and going a little to shape the reality of a pharmacy that should be modified. Clearly they can't all be like that, but this is the basic concepts can be used in other places as well.*

### ***Purposing (top-down)***

Apoteca Natura's market vision was conceived by the founder as a creative act of envisioning based on market interpretation. The vision was first shared with the top management. As the CEO explained, the board organises periodic meetings to discuss the values that drive the business.

*'There is a greater need in society to feel reassured, to know that someone is taking care of you'* (Apoteca Natura CEO)

The management was able to express the vision in the synthetic 'conscious health' formulation. In fact, they aim to provide not only products in their pharmacies but also raise awareness of ailments and possible treatments. The meaning embedded in this vision refers to people's need to obtain information and knowledge about their health status, not simply accessing a treatment. Conscious health has slowly become the guiding force of the business, permeating all levels. The process revolved around many cycles of criticism in which people needed to establish common ground and embody the new meaning. Reasoning about 'why' customers would accept the new values proposed was critical to achieving a shared direction.

*'We receive people that often neglect what they really have or what a symptom implies for their health. We do not want to provide them with a narrow solution... we want to dig deeper to really know what can be done for their health'* (Apoteca Natura Store Manager)

At this stage, Apoteca Natura involved several external experts to discuss and test the new vision, in particular, selecting people from different areas surrounding the health concept, such as nutrition, sport, psychology, and medicine. During these sessions, they shared the new vision with the experts, stimulating them to challenge and eventually refine it.

### ***Purposing (shared)***

Apoteca Natura's top management knows that a vision cannot be effective if not shared. Thus, they organize periodic conventions in which the vision is disseminated, re-worked, and refined, where anyone can talk via appropriate round tables, and the organization's vision spreads. Pharmacists, for example, felt they needed a more central role than simply providing medicine, and found it in the new vision. They made the transition towards the new vision to more extensively leverage their medical knowledge. Sales assistants welcomed the transition to fully express the company's social mission, giving them a 'reason' to work for Apoteca Natura rather than a competitor network of pharmacies. Store managers – usually pharmacists promoted to the role – shared the willingness to engage in the new way of running the pharmacy centred more on holistic caregiving and focusing on the patient's consciousness of care. From their perspective, this has always been considered a way to garner the commitment of all those working in the store. The company believes in 'conscious health' as the force guiding it towards the future, with the new vision permeating employees' behaviours and words.

The company shares an organic representation of the vision in the form of the words used to describe it. Each interviewee mentioned the words 'conscious health' referring to the new vision, meaning it is strongly rooted in people's minds. Frontline employees are determined to transfer the vision to customers, since they believe it is a fundamental part of their job. 'If

someone doesn't believe in it, they couldn't work here' stated one store manager in Florence to describe the extent to which the new vision is important at all levels in the organization.

Along with the institutional meetings, independent gatherings of pharmacists who want to discuss the vision among peers started to be organized. In 2018, small groups started self-organizing meetings and informal discussions on the company's direction. They felt the urge to do this because they believed the new direction empowered the role of FLEs, and they wanted to articulate it in routines in the best possible way. The following words from a pharmacist are particularly interesting:

*'We had different meetings and conventions in the last years where we discussed the meaning of the new vision. These dialogues and deep reflections are what make Apoteca Natura different. This is how we conceived and address conscious health. We are still testing and learning how to deliver it'* (Apoteca Natura Pharmacist)

The synthetic and effective 'conscious health' formulation would not have been possible without the pharmacists' reflections. This cognitive participation in refining the vision allowed reaching an unprecedented degree of clarity and stability. Even if it started as a new meaningful direction conceived by top managers, it has been refined, shared, and enriched over the years through multiple interactions among people at all levels of the organization.

*'Working on conscious health means giving a stronger role to the pharmacist and the advice we give to customers [...] it makes us feel empowered. I believe in it and my colleagues too [...] we wanted to help develop this new vision so much'* (Apoteca Natura Pharmacist)

### ***Practicing***

Employees and store managers did not limit their engagement in the new vision to discussions around its meaning for them and the company. The desire to contribute to its development resulted in actions taken to translate it into practical routines. While managers were interested in a new sales approach to implement changes in the store design and communication, the pharmacists sought to translate the new system of beliefs into something tangible and valuable

that could be adopted for each customer. The pharmacists and employees wanted to communicate the new values to customers visiting the pharmacies. The ideas were conceived and discussed during their meetings, and the most proactive ones started implementing new routines in their stores. Again, the whole process emerged independently among employees in their meetings.

*'We started asking ourselves how to make customers see that we are taking care of them. How would they understand our new vision?'* (Apoteca Natura Store Manager)

In the informal gathering, they iteratively started reporting their impressions from testing the new routines in-store. The whole network reflected on how to refine the emergent routines and started testing them across different locations. In particular, a new routine emerged through this iterative trial and error process, which they call 'comprehensive advice' (*consiglio integrato* in Italian), deemed critical to conveying the new vision.

*'Comprehensive advice was initially tried by some pharmacists (...) they reported it was perceived as valuable by customers (...). Some were doubtful, especially for the time required to manage a patient... but we need it to treat them as people [and not objects]'* (Apoteca Natura Pharmacist)

In Apoteca Natura pharmacies, people are welcomed by a staff member who steps out from behind the counter to ask the patient health-related information. In a sales assistant's words, 'We don't wait for them to come to us and ask, rather we approach them to start the conversation'. In this way, they can achieve empathy with the customer and translate the company vision into one very specific routine: the aforementioned 'comprehensive advice'. This routine also means spending quite a long time with each customer, deeply investigating his/her health issues, and understanding how they impact their daily lives. Then, the pharmacist suggests the best product to treat their ailment together with complementary (usually natural) products and changes to their behaviour to promote the efficacy of the medicine. While this goes against efficiency in serving customers, it is deemed critical to communicating the vision.

This routine is the first outcome of the sales assistants' involvement in the innovation process collectively enacted in virtually every interaction between frontline employees and customers.

*'We don't impose anything or only provide a product based on a doctor's prescription, rather we talk to the patient and evaluate their specific situation. We spend the required time to provide comprehensive advice because it is at the base of conscious health.'* (Apoteca Natura Pharmacist)

### ***Reflecting (re-purposing)***

The company members continuously reflect on the alignment of new routine with the market vision during service provision. For any perceived misalignment, they continuously think about incrementally improving the quality of the service provided. This is true in general, but particularly evident during the experimentation of the new routine, namely comprehensive advice. Given its novelty, they continuously reflect on refining and fine-tuning it to customer needs. This has been enabled by the experiences and observations of what happens in the pharmacies, interactions with local communities, and the explicit request for customer feedback. In accordance, the comprehensive advice has been re-evaluated multiple times. In fact, the deep exploration of customer feelings and health-related issues is particularly critical. Some customers are glad to find someone who truly wants to dig into their feelings, some are more closed, and others find it inappropriate. Pharmacists needed to develop the skills to interpret customers in advance and understand their individual preferences. Thus, comprehensive advice has become a layered routine in which pharmacists engage to different degrees in exploring customer issues based on their interactions. The pharmacists, those more prone by nature, share their experiences with colleagues. In particular, they share advice on how to balance taking care of patients as a whole and the need to respect their privacy. Thus, the integrated advice was subjected to some improvement cycles before being routinized in the organization.

*'There are some pharmacists who are more active and when they practice something new they provide us [managers] with feedback. Sometimes this is very valuable since it allows us to make it better. They spot bugs in the system and they speak to other pharmacists so that they can avoid making the same mistake. Then they report to us... we are constantly seeking this feedback that allows us to connect the company with the territory we operate in'*  
(Apoteca Natura Training Coordinator)

### ***Freezing***

After testing it in different environments and following the cycles of discussion and refinement, the new routine was ready to be formally institutionalized. The employees started reporting the new routine in the conventions, enabling broader discussion among all the organizational members. In this way, managers became aligned with the experimentation at the store level and could take the appropriate measures to further develop the routine. In particular, groups started discussing how to apply comprehensive advice in different locations and contexts, articulating it to the needs of the specific community of reference. The different regions then developed a new selling ceremony focused on comprehensive advice to apply in the store. At this point, the managers' role in the informal gatherings was to refine the routine. The company verified the last cycles of refinement and the routine's feasibility in the selling ceremony. To fully routinize it, specific training programs have been developed, and different trainers interacted with the FLEs who had been more active in developing it to grasp all the values underlying the routine. Further, they organized sessions in which the routine was taught to other employees and store managers. Interestingly, freezing the routine as part of the new solution also enabled re-discussing the organization's overall purpose. In the General Director's words, comprehensive advice serves as a sort of test of the vision: if not working for some reason (i.e., society and customer aspirations evolve), the vision needs to be redesigned. Thus, the new routine is the barometer of the vision: at this level of refinement, people in Apoteca Natura know that



comprehensive advice is the best expression of the new vision. If this routine had not worked, it would have undermined their conviction in the new vision.

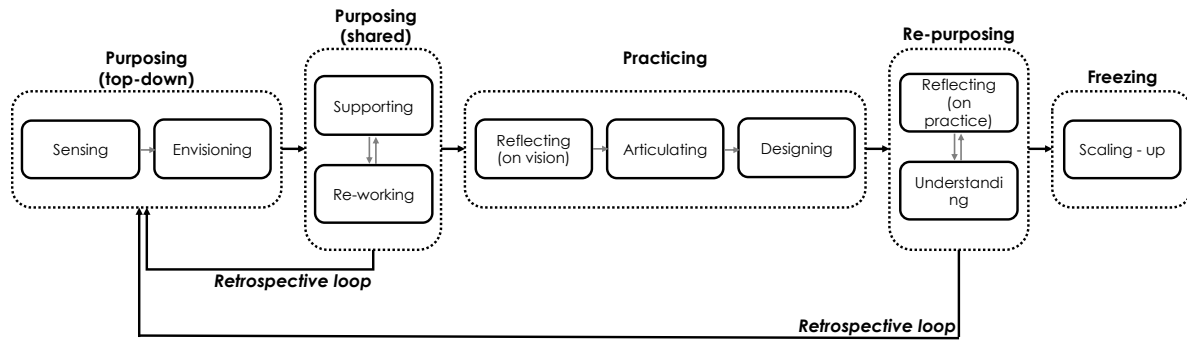
*‘Comprehensive advice is both a way to convey our values to customers and a test for us. Expanding in different markets, its effectiveness means that we are on the right track... our employees can learn from others and refine the way they give advice... if it doesn’t work somewhere, we know we need to re-discuss our aim’ (Apoteca Natura General Director)*

Freezing is needed to develop a new solution in terms of a new service delivery routine and constantly testing the vision. Focusing on the single development process based on a new emergent vision, freezing is the last step that allows fully routinizing the newly developed service delivery step and scaling it up to the whole network. Organizing the events to stimulate self-care (such as walks), and designing spaces where customers can self-medicate follow the same cycles. Moreover, building on the concept of routines as a test of the vision, the established routines may always be leveraged to understand any misalignments with customer needs, triggering a restart of the whole process. This enacts the retrospective loops shown in Figure 2: any need to modify the routines is taken into consideration and seen as a symptom of the potential need to challenge the market vision. At this stage, the radicalness of the new routines enacted is also evaluated by managers to ensure its alignment with the radicalness of the market vision. As well expressed by a marketing manager, the whole process and the retrospective monitoring by managers led to defining a new routine that is especially radical:

*‘We are the first in the market to focus so much on understanding the patients’ needs. This is not common. It requires spending a lot of time with the individual person [...] it’s something that people don’t expect’ (Apoteca Natura Marketing Manager)*

## **Discussion**

Our findings allowed us to understand and depict how people in Apoteca Natura developed the vision of the new meaning into a new routine that delivers the underlying values to customers. Our model is presented in Figure 2.



**Figure 2.** Routinization of the market vision

According to this process, and in line with May and Finch (2009), the vision goes through definition, refinement, and encoding to be translated into practical routines. The process we found highlights the crucial role of highly interactive and social activities. Thus, the employees’ proactive engagement in developing new practical routines is based on the new vision: people want to embrace the vision and take it to the next level, its material representation. Crucial in these steps is that managers do not necessarily stimulate the process. If the vision is robust enough and shared by all the actors, the process autonomously moves towards the next steps. Ultimately, the new tentative routine discussed is routinized and applied to the whole network if managers believe it is valuable for the company and customers, and then becomes part of the service system’s standard solution. However, the process may also have a different end: this is the case when the overall effort creates a routine that is not positively accepted by the market, challenging the original vision, generating a loop that may require restarting the whole process.

The process is highly social and iterative, triggered by employees’ proactive behaviours who perceive themselves as most aligned with the new values. In our case, the new vision was welcomed by FLEs to formalize the values that, in their words, are intrinsically part of their profession. This is in line with prior literature that states that routines, ubiquitous in organizations are the manifestation of these values in standard and repeated ways of operating (Becker, 2008). The process we found shows how the new vision is embedded in practical

elements within the service provision and guarantees the proper alignment between an organization's inner identity (Selznick, 1957) and its innovation activities. As in the case of comprehensive advice, according to the FLEs we interviewed, developing the vision into new routines allows reducing the risk of misinterpreting the vision at the operational level. This helps solving the problem of alignment toward intangible visions at the innovation implementation level (Artusi & Bellini, 2020). In line with Åkesson et al. (2016), the new routine serves as a test for the new value proposition, allowing the company to understand whether customers accept the new proposed values. In turn, this provides information on whether to scale up a new routine across other locations or start again and reflect on alternative routines to develop. In particular, the high involvement of employees in designing new routines and the monitoring of managers seem to facilitate the breakthrough integrity of the market vision developed (Thongpravati et al., 2020). In fact, the involvement of employees in refining the vision prevents further re-interpretations and misalignment with the vision itself, and allows translating the values into a system of routines visible to customers in line with the vision's full potential and breakthrough nature (Hogan & Coote, 2014; Seidel, 2007). This is especially critical given the clear difference between the nature of the vision, an intangible concept that highly leverages the narratives to be told (Fleming, 2001), and the service system, which is a network of practical solutions that constitute the customer experience.

Moreover, the proactivity of the FLEs in testing new solutions with customers might stimulate a proactive market orientation, as the feedback cycles with customers might identify latent needs (Reid & De Brentani, 2010). This in turn can nurture the market envisioning activities in the retrospective loop shown in Figure 2. Thus, continuously testing new routines for an existing market vision promoted the firm's ability to come to the market with successive radical service innovations when new latent market needs are identified and understood.

Our case shows that managers need to identify a set of values that organizational members believe in (Spragins, 1992; Bourne & Jerkins, 2013), while employee engagement in the process follows as a consequence. As long as the vision is meaningful to them, it pulls them in, reflecting on and enhancing it. In the words of Steve Jobs: ‘If you are working on something exciting that you really care about, you don’t have to be pushed. The vision pulls you.’ In particular, those most aligned with the new values start the process (Griffin et al., 2007). In turn, they involve other employees in designing and testing the new routines, first understanding in detail how they need to be performed, and then promoting their stability and integration in daily behaviours (Pentland et al., 2012). Thus, the evolution of routines starts from the employees’ need to be part of the process, extensively drawing on practical knowledge in refining and institutionalizing these routines. Employees’ involvement in the definition of the new routines allows them to bring their customer-related knowledge, usually tacit, to the innovation process (Toivonen & Tuominen, 2009; Engen & Magnusson, 2018). This is critical in more radical forms of innovation that do not usually entail the direct involvement of customers (Norman & Verganti, 2014; Candi et al., 2016). In this way, while the vision maintains its elite and top-down characteristics, the new service experience draws on the practical knowledge deriving from the interaction between customers and the service front-end.

As a consequence, we conceptualize a generative property of the vision routinization process: new routines are informed not only by the new values but also by the habits and desires that customers manifest in the interaction with the service, characterizing design objectives that include the two different perspectives (Bessant & Maher, 2009).

From a business development perspective, working on single routines makes it easier to replicate them in different formats or contexts (Artusi & Bellini, 2020), enabling the easier scalability of the service concept. In the case we examined, the new routine was effectively implemented independently of the store format (directly operated, franchised, or within malls).

This is a great opportunity for companies to overcome the problem of adapting complex systems to multiple and different formats and locations (Ailawadi & Farris, 2017). By iteratively building new routines, companies can increasingly refine the service consistently with the radically new vision, promoting its evolution from a service concept to a more refined service system. In this way, and in line with Perks et al. (2012), radical service innovation is obtained through the cumulative addition of elements rather than a substantial redesign of the service as a whole. Thus, the management's role is that of prescribers, crafting the new vision, and sharing it within the organization, while FLEs act as performers, enacting the new routines. The interaction between the two roles allows freezing the routines and shaping the new customer experience (Gilstrap & Hart, 2020).

### **Conclusions and implications**

Service innovation can be achieved through routinizing the vision in newly developed routines that are able to deliver new values to customers. This allows overcoming the traditional issues of radically innovating services through two main mechanisms. First, the involvement of FLEs in the service innovation process allows minimizing possible re-interpretations of the vision and facilitates their alignment with the values to be transferred to customers. Second, their customer insights constitute an important source of information to refine and adapt the service provided to their specific needs.

The whole process is iterative and reflective, constantly challenging the vision proposed and nurturing service development. Moreover, the rules and behavioural norms are not designed and imposed by the company. Instead of providing guidelines, as is typical in service 'selling ceremonies' (Cervellon & Coudriet, 2013), FLE participation in translating the vision into the service experience allows a shared understanding of the key features of the service to be delivered. The routines produced in this process enable customers to experience the values embedded in the managers' new vision.

This article contributes to the current literature by conceptualizing a way to develop radical service innovation through accumulating vision-related routines, as Perks et al. (2012) advocate. The routinization process identifies the step needed to pursue such innovation. The link between the market vision and its implementation through routinization in a radical service innovation setting is novel and especially relevant to enable a better understanding of radical service innovation processes.

Indeed, the vision and service concepts have some criticalities making it difficult to reconcile them: the former's intangible and vague nature, and the latter's complex and constantly evolving nature. The process presented in this article aims to show a way of transitioning from the two different states without prescriptive and active actions. Rather, managers' interventions should be limited to that of observers and facilitators, ensuring the process evolves correctly, potentially intervening to nudge it in the right direction.

Nevertheless, this research has some limitations. Although we triangulated our single case data with multiple sources, it may still have been affected by some contextual characteristics specific to the sector under study, thus logically generalizable (Popay & Williams, 1998). Other types of services (i.e., professional services) may require some adaptations to the process to be effective. To advance knowledge and build on this research, we suggest tackling both issues by investigating multiple cases from different service sectors. A form of active engagement in company processes, as is common in action research or collaborative inquiry, may be a good way to test the applicability of the process in different companies.

Moreover, the flow of the market vision throughout the process might be studied to understand how to control the quality of the new routines implemented. The specific characteristics and skills of customer and frontline employees might be investigated to understand which dimensions (e.g., their level of expertise, personality) might impact the routinization quality. Expanding to a customer perspective, the degree to which the routines

effectively enable them to grasp the values underlying the market vision might also be interesting to gain an understanding of the perception of new values work. A final suggestion is the analysis of how external forces, (e.g., competitors' moves, changes in the economic setting) might impact the routinizing process and help control all the relevant variables in the process. From a practitioner perspective, this would generate specific tools and frameworks to manage and control the routinization process.

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## **Appendix – Interview Protocol**

### *Questions for Apoteca Natura managers*

1. What is Apoteca Natura and how does it relate to competitors?
2. What did the process of envisioning the new market vision look like? Who developed it?
3. Which values underlie the new market vision?
4. How is this different from existing market solutions?
5. Why do you believe ‘conscious health’ is important, for both the market and frontline employees?
6. How did you communicate the new vision to frontline employees? What was their acceptance?
7. What degree of freedom do frontline employees have in interacting with customers? Do they follow a selling ceremony?
8. How do you engage frontline employees in delivering the new market vision to customers?
9. Did you get any feedback from frontline employees in implementing the new vision?
10. Do you have an example of something that has been extremely useful in making the vision transition to become part of the solution?
11. How is the new market vision translated into practical service solutions?
12. How can you scale up the new vision to the different formats you operate?
13. How are you adapting the new concept to foreign markets?
14. Do you have any feedback from customers on the experience they have in the new pharmacies?
15. And from employees?
16. In your opinion, what does the customer see? What is the difference with respect to traditional pharmacies?
17. In one sentence, describe how you think Apoteca Natura differs from traditional pharmacies?

### *Questions for Apoteca Natura employees*

1. What does it mean to work for Apoteca Natura?
2. What is your perception of the new vision developed, conscious health?
3. Which are the underlying values? Do you believe they are important?
4. Did you have any role in discussing the new vision?
5. How do you translate conscious health into practice? What do you do in the store? How is this aligned with conscious health?
6. How did you develop the new in-store routine? Did you discuss it with someone else?
7. Were you engaged in designing the new routine? How did you come up with this solution?
8. How do you enter into deep interactions with customers during the store visit?
9. What exactly do you do? Can you tell me what happens during a visit from a customer? And from the customer’s perspective?
10. How do you interact with the customer? Do you follow a selling ceremony? If not, how do you manage the different interaction moments?
11. How does the customer react? And what happens with regular customers?

12. I see customers interact in many different ways, are there some standard paths you observe? How do you manage them?
13. Has your job changed after the introduction of the new vision? Positively or negatively?
14. Would you work in a competitor's pharmacy? Why?
15. How would you describe in one sentence how Apoteca Natura differs from traditional pharmacies?