

“THE INFLUENCE OF OLFACTORY MARKETING ON
CLIENTS’ LOYALTY”

Ana Sofia Mesquita Tavares Marques

Dissertation submitted as partial requirement for the conferral of Master in
Marketing

Supervisor:

Prof. Susana Henriques Marques. ISCTE Business School, Departamento de Marketing,
Operações e Gestão Geral

Co-supervisor:

Prof. Margarida G. M. S. Cardoso. ISCTE Business School, Departamento de
Métodos Quantitativos para Gestão e Economia

October 2013

Acknowledgments

Writing this thesis has been an interesting process, which made me have a better knowledge about Marketing and how important it is in our days.

However, without the support and help of a group of people, this dissertation would not be ever made and finished.

First, I would like to thank my supervisor Prof. Susana Marques and my co-supervisor Prof. Margarida Cardoso for all the attention, effort, availability and dedication in helping me advancing with this study and giving all the support through the development of this study.

I would also like to thank my friends, who were always there in all the moments, showing and transmitting support, giving me strengths and joy to get this project done. Special thanks to Luís for the constant emotional support which made this goal much easier to reach.

Last, but not less important, I would like to thank my parents for the support given through these months. It is very important to say that without my parents, this project would have never started and finished.

Resumo

Este estudo liga dois grandes temas, o Marketing e o comportamento do consumidor. Mais detalhadamente implica duas vertentes interessantes dos temas anteriores, o Marketing Olfactivo e a lealdade do consumidor, respectivamente. O foco principal que se pretendeu avaliar nesta pesquisa foi perceber se o Marketing Olfactivo no ponto de venda tem influência na lealdade dos clientes.

Esta pesquisa procurou recolher respostas para a questão que se apresenta nesta dissertação através da realização de um questionário Online. Toda a investigação teve como base os resultados obtidos através do questionário feito a uma amostra de 390 pessoas. O centro de investigação foi a cadeia de lojas Zara Home que pratica este tipo de Marketing. O requisito principal para responder a este questionário online via página da Zara Home do Facebook, era de o inquirido já ter realizado alguma compra neste grupo de lojas. Como não foi possível obter uma amostra aleatória optou-se por utilizar o processo de amostragem por conveniência.

Após a realização do questionário, os resultados obtidos foram analisados chegando-se à conclusão que o Marketing Olfactivo tem influência na lealdade dos consumidores.

Abstract

This study connects two main themes, the Marketing and the Consumer Behaviour. In more detail, it implies two interesting aspects of the previous themes, the Olfactory Marketing and Consumer Loyalty. The main focus intended to evaluate is to understand if Olfactory Marketing at the point of sale can have any influence on the clients’ loyalty.

This research tries to collect answers for the question presented on this dissertation through the elaboration of an online survey. All the investigation is based on the results obtained through the online survey made to a sample of 390 people. The investigation center of this study was the chain of stores Zara Home which practices Olfactory Marketing. The main requirement to answer the online survey through the

Zara Home Facebook page was that the respondent should have already made some kind of shopping in this group of stores. As it was not possible to obtain a random sample, the option was to use the Convenience Sampling Process.

After the elaboration of the survey and collecting the answers, the results obtained are analysed, leading to the conclusion that the Olfactory Marketing has influence on the Customers’ loyalty.

Key- Words: Olfactory Marketing, Loyalty, Atmosphere, smell.

JEL Classification System: M31

TABLE OF CONTENTS

Executive Summary	v
Chapter 1 – Introduction	vi
Chapter 2- Literature Review	1
2.1 What is marketing?.....	1
2.2 Consumer behaviour.....	2
2.2.1 Consumer decision making.....	4
2.2.2 Shopping Motivation	6
2.2.3 The perceptual process.....	8
2.3 Customer Loyalty	11
2.3.1 Relationship between store affect and store loyalty	14
2.4 Client satisfaction.....	16
2.4.1 Consequences of clients satisfaction.....	17
2.4.2 Relation between client satisfaction and client loyalty	17
2.5 Atmosphere.....	19
2.5.1 Store environment	20
2.5.2 How the atmosphere influences the behaviour.....	22
2.6 Sensorial Marketing	24
2.6.1 Five senses	26
2.6.1.1 Scent.....	26
2.6.2 Olfactory Marketing	27
2.6.3 SOR model.....	30
Chapter 3 - Conceptual Model.....	34
Chapter 4 - Methodology	40
4.1 Type of Study.....	40
4.2 Sampling design of the study	42
4.2.1 Population	42
4.2.2. Sampling	42
4.3 Type of questionnaire and scales used	43
4.3.1 Pre-test	44

Chapter 5 - Quantitative study results	47
5.1 Socio-Demographic Characterization.....	47
5.2 Descriptive Characteristics	48
5.3 Principal components analysis	69
Chapter 6 - Hypothesis conclusion	82
Chapter 7 - Conclusion.....	90
7.1 Main Conclusions.....	90
7.2 Limitations of research	94
7.3 Future Research.....	94
Chapter 8- References	96
Chapter 9 – Annexes	100
9.1 - Annex I - Questionnaire	100
9.2 - Annex II – Table 5	107

LIST OF FIGURES

- **LITERATURE REVIEW FIGURES**

Figure 1 - Some issues that arise during stages in the consumption process (Solomon <i>et al.</i> , 2006)	3
Figure 2 - Stages in consumer decision-making (Solomon <i>et al.</i> , 2006).....	4
Figure 3 - Graphical representation of influence of shopping dimensions on motivation for shopping at malls. (Bloch <i>et al.</i> 1994 cited in Tiwari and Abraham(2010))	7
Figure 4 - An overview of the perceptual process (Solomon <i>et al.</i> , 2006).....	9
Figure 5 - Two-dimensional model of customer loyalty (Dick and Basu, 1994)	12
Figure 6 - Ray and Chiagouris (2009).....	14
Figure 7 - The Casual Chain Connecting Atmosphere and Purchase Probability (Kotler, 1974)	22
Figure 8 - The influence of retail atmospherics (Turley and Milliman, 2000)	23
Figure 9 - Framework for using scents in marketing (Bradford and Desrochers, 2009).....	28
Figure 10 - Proposed Model of the influence of Ambient Scent on Consumer Responses (Gulas and Bloch, 1995).....	31
Figure 11 - Conceptual Model.....	34

- GRAPHIC INDEX

Graphic 1 – Sex (%).....	47
Graphic 2 - Store visits frequency (%).....	48
Graphic 3 –Type of product bought by the clients (%).....	49
Graphic 4 - Degree of influence of the factors on the loyalty (%).....	50
Graphic 5 - Knowledge about Olfactory Marketing theme (%)	51
Graphic 6 - Opinion regarding Zara Home store smell (%)	52
Graphic 7 - The influence of smell on the value to pay for the product (%)	53
Graphic 8 - Opinion regarding Zara Home store smell (%)	54
Graphic 9 - The influence of a pleasant smell on the willingness to come back to the store (%).....	54
Graphic 10 - Preference between a store with smell (Zara Home) and without smell (Other Store) (%)	55
Graphic 11 – Question 12.....	56
Graphic 12 – Question 13.....	57
Graphic 13 – Increased value to pay due to the presence of a pleasant smell on the store (%)...58	58
Graphic 14 - Factors that influence the consumers’ satisfaction level	59
Graphic 15 - Influence of the store factors on clients’ satisfaction (%)	60
Graphic 16 - Smell influence on the welfare of the consumer (%).....	62
Graphic 17 - Factors that influence the consumers coming back to the store (%).....	63
Graphic 18 -Factors that influence the consumers to buy more products in a certain store (%)	65
Graphic 19 – People who have already recommended the store to friends/family (%)	66
Graphic 20 - Number of individuals who have already recommended Zara Home due to its smell (%)	67
Graphic 21- Number of individuals that have already commented the smell of Zara Home with friends/family (%).....	68

- TABLE INDEX

Table 1 – Proposed characteristics of a loyal customer	35
Table 2 – Hypotheses and respective questions.....	46
Table 3 - Age.....	47
Table 4 – Kaiser Meyer – Olkin test (Maroco , 2013).....	69
Table 5 – Results KMO Test – SPSS – Annex 9.2	70
Table 6 – Proportion of explained variance in PCA (Question 5).....	71
Table 7 – PCA Solution with 2 factors (Question 5) – loadings for rotated components and % of variance explained.	72
Table 8 - Rotated Component Matrix – Solution with 4 factors (Question 5)	73
Table 9 - Proportion of explained variance in PCA (Question 6).....	74
Table 10 – PCA Solution with 3 factors (Question 6) – loadings for rotated components and % of variance explained.	74
Table 11 - Proportion of explained variance in PCA (Question 16).....	75
Table 12 - PCA Solution with 3 factors (Question 16) – loadings for rotated components and % of variance explained.	76
Table 13 - Proportion of explained variance in PCA (Question 18).....	77
Table 14 - PCA Solution with 3 factors (Question 18) – loadings for rotated components and % of variance explained.	77

Table 15 - Rotated Component Matrix – Solution with 4 factors (Question 18).....78
Table 16 - Proportion of explained variance in PCA (Question 19).....79
Table 17 - Rotated Component Matrix – Solution with 2 factors (Question 19).....79
Table 18 – Rotated Component Matrix – Solution with 3 factors (Question 19).....80

Executive Summary

Numa altura em que há cada vez mais concorrência, as empresas tentam optar por estratégias inovadoras. Uma dessas estratégias que tem sido desenvolvida e aplicada em algumas empresas é o Marketing Olfactivo. Esta estratégia apesar de ser ainda considerada como recente em Portugal, já é bastante utilizada em outros países.

Este estudo pretende analisar e perceber a força e implicação que este tipo de Marketing tem na lealdade dos clientes para com uma loja ou marca.

Numa primeira fase, foi reunida informação sobre os temas e subtemas de interesse segundo vários autores da literatura.

Numa segunda fase foi realizado um questionário online sobre a cadeia de lojas Zara Home a um conjunto de 390 indivíduos com o intuito de responder às questões que sustentam este estudo.

Os resultados mostram que todas as variáveis propostas, que caracterizam um consumidor leal segundo a literatura previamente analisada, são em certa parte influenciadas pelo cheiro. Isto é, de acordo com a análise descritiva e análise das componentes principais chegou-se à conclusão que apesar de existirem outros factores mais importantes para o consumidor tais como, o preço, qualidade do produto, tratamento/serviço e a forma como os produtos estão expostos na loja, o cheiro também tem o seu contributo para a lealdade.

Chapter 1 – Introduction

In our days to get clients attention regarding what the companies want to communicate and offer is a task considered to be very difficult. The economic problems affecting the society and consequently the lower purchasing power of the clients make the companies opt by using differentiating strategies, with the intention of reaching the target in a more efficient way. An example of these strategies, even being very recent in Portugal, is Olfactory Marketing.

The constant bombardment of advertising makes this technic very interesting to be studied as a strategy. According to a study of Rockefeller University in New York, a person can remind about 35% of smell and only 5% of what he/she sees, 2% of what he/she listens and 1% of what he/she touchesⁱ.

These percentages prove the importance of this type of Marketing as a differentiating strategy. In this case, what is intended to understand is if the factor smell can be sufficiently strong to turn the clients loyal to a certain company/store.

According to Kotler (1974) one of the most important advances on “Business thinking” is the fact that the consumers, on their decision process, are influenced not only by tangible variables as product/service, but also influenced by intangible variables. One of the intangible variables influencing the consumer is the “Place” where the product/service is bought.

Kotler (1974) mentions that “Place”, more specifically the place atmosphere, becomes many times a tool with a bigger influence comparing to the product itself when the consumer is in a buying decision process.

With this, it is justified again the elaboration of this investigation since it is intended to demonstrate if the element smell, which belongs to the “Place atmosphere”, can be an important influent instrument on the customers’ loyalty.

Regarding the structure of this dissertation, it is divided into 5 chapters. On the first chapter “Literature Review”, it is researched, according to the studies made by important authors, what was already studied about Olfactory Marketing and what was

ⁱ <http://knowledge.wharton.upenn.edu/article/what-does-your-brand-smell-like/>

studied about the themes which support this project as for example Consumer Behaviour, Atmosphere, Sensorial Marketing, Five Senses, Customer, Customer Loyalty, Client Satisfaction and the Relation between Client Satisfaction and Client Loyalty.

On the 3rd chapter “Conceptual Model” it is presented and described the proposed model and the hypothesis to be studied, with the objective of answering the questions that the theme creates. The next chapter is based on the analysis of the Zara Home store and describes all the methodology used to obtain credibility on the results and alignment with the study objectives. After the collection of data through the methods previously mentioned on the last chapter, the results will be analysed and discussed on the chapter five and six. Finally, on the chapter seven the main conclusions aroused with the results of the previous chapters will be evidenced, as well as the limitations and suggestions for future research in order to obtain more general and credible results.

Chapter 2- Literature Review

“Smell is something that the customer cannot ignore. (Ward et al., 2003:295)”

It was this phrase of Ward *et al.* that created the interest to develop this theme. In our days, some people are only focused on what is interesting for them, in terms of marketing and advertising, and normally ignore what creates less attention for them. So, it is interesting to study this sense that we have and which the consumers cannot abstract themselves even if they want to do it.

For the development of this dissertation, and more precisely concerning the literature review, it will explore the adequate concepts to obtain a good theoretical knowledge, which will help to answer the research question more efficiently.

2.1 What is marketing?

Beginning with the analysis from a general to a particular view, it makes sense to better understand what is marketing and its role in the business world to posteriorly explore other concepts that are related to it.

According to Kotler *et al.* (2008), marketing has been defined as:

“A social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others”

But over the years its management has suffered big changes (Webster 2005, cited by Gok and Hacioglu, 2010). All the environmental changes related to the company both external and internal, have contributed to these changes. The globalization, technology, strong competition and the increase of the complexity on the demand are examples of factors that have led to big changes of marketing (Gok and Hacioglu, 2010). Thus, the concept of marketing has also suffered some changes through the years once its focus has changed from the product to the consumer and in our days the marketing is focused not only on these two but also on the entire surrounding external environment. (Keegan, 2004)

However, according to Gok and Hacıoglu (2010), the main role of the marketing manager is to stay the closest possible to the clients, putting them on the top of the organization, creating the strategies based on the creation and retention of clients’ satisfaction.

2.2 Consumer behaviour

Another theme that makes sense to start developing in the literature review is consumer behaviour. The purpose of this thesis is to understand the consumer reaction when facing a certain stimulus, therefore it is important to understand in a deeper way how the consumers behave.

Solomon *et al.* (2006:6) defines the consumer behaviour as,

“ It is the study of the processes involved when individual or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires.”

When the studies about consumer behaviour started to be done, they only emphasized the relation between the consumer and the producer in the buying moment. After some time, studies started to consider that the consumer behaviour consists in a continuous process, this is, its content covers not only the buying moment but the moment before, and after the buying too (Solomon *et al.*, 2006).

The figure 1, illustrates the three phases of the consumer buying process and the respective issues that appear in each one of the phases, both for the consumer and the marketer.

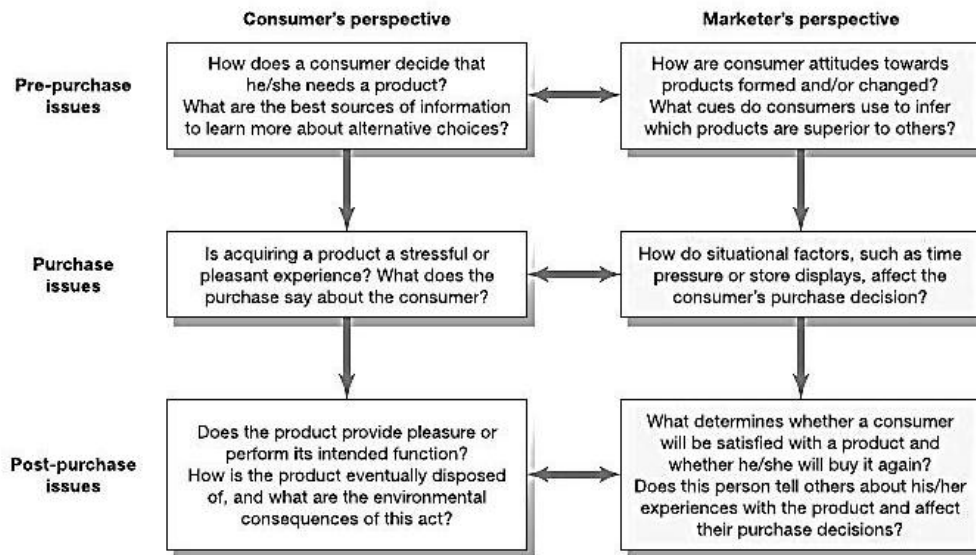


Figure 1 - Some issues that arise during stages in the consumption process (Solomon *et al.*, 2006)

According to Hoffman and Turley (2002), in what concerns the consumption process, which is the subject of interest in this study, the first phase, pre-purchase, is composed by all the activities before the acquisition of a good or service. Some examples of these activities are the problem recognition, information search and evaluation of alternatives. In the pre-purchase phase, when the consumer purchase services rather than goods, he is more risk sensitive. Hereupon, Hoffman and Turley (2002) refer for example that the atmospheric stimulus in this case, can have a fundamental role and could be a good strategy in order to reduce the risk. It is possible to conclude that a good atmospheric strategy can have a huge influence on the consumer in this phase. The next phase is consumption, which is the result of a careful analysis made by the consumer in the pre-purchase phase. In this phase, the activities realized by the consumer relating to consumer goods can be divided in buying, using and disposing. Respecting to the service, the same author states that the scenario is completely different once the production, acquisition and the use occurs simultaneously.

According to the authors, Hoffman and Turley (2002), relating to the last phase of this process, post-purchase, this is a phase that is considered to be very complex once it is the phase where the satisfaction of the client is demonstrated. The satisfaction that will be analysed later is influenced by the consumer expectations. Once the thesis

incorporates the atmosphere issue, it makes sense to refer that the atmospheric elements can transmit expectations for the consumers. This reinforces once again the importance of the atmospheric elements, which is also a theme that will be talked about later on.

2.2.1 Consumer decision making

So far, a general view about what is consumer behaviour and what are their main phases regarding to the buying process were presented. After this, it makes all sense to detail the search and understand how the consumer mind behaves individually in the consumer decision process (**Figure 2**).

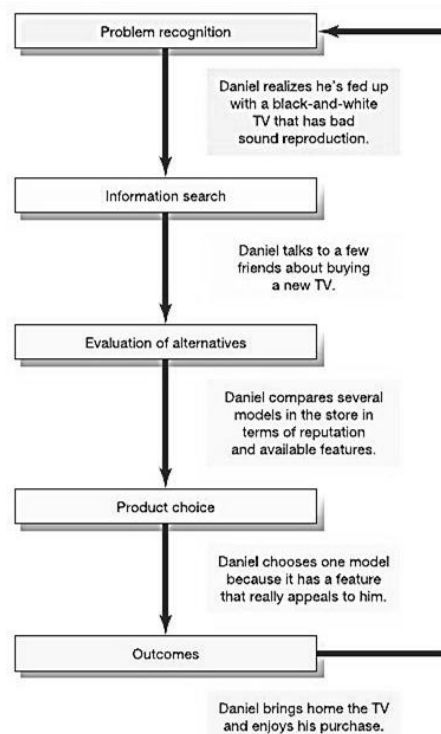


Figure 2 - Stages in consumer decision-making (Solomon *et al.*, 2006)

As it was said before, according to Hoffman and Turley (2002), pre-purchase is the first phase of the buying process that covers activities like problem recognition,

information search and evaluation of alternatives. Starting with the problem recognition, this occurs, according to Solomon *et al.* (2006), when there is a difference between the present state of the consumer and the desired state. It happens when the consumer perceives that he prefers to have something or to be in another different situation comparing to the current situation.

Respecting the information search the same authors say that the consumer will try to search the maximum information possible about what he wants to buy, in order to make a reasonable decision in the end. Here, the consumer can obtain information externally or internally. Relating to the information collected internally, this is the information retained by the consumer through its memory. Contrarily, all the information that is collected through friends, family, advertising and other ways which are not the own memory of the consumer are considered external.

The third stage of this process consists in the evaluation of alternatives. In this phase the consumer summarizes and evaluates all the information that he found in the last phase according to a set of decision criteria or comparison factors provided by experience, expectations and values (Williams and Slama, 1995). Hereupon, according to Engel *et al.* (1993) cited in the same article, the consumers use a wide variety of criteria that influence the way how they evaluate and select the alternatives. Despite knowing few things about the consumers’ characteristics and the criteria of evaluation adopted by them, the authors say that it will benefit marketers by knowing more about this issue in order to develop, position and communicate their products in a more efficient way. This evaluation of alternatives made by the consumers will subsequently conduct to the choice of one of the alternatives (**Product Choice**).

After the elaboration of alternatives, the consumer can proceed with its choice. This choice made by the consumer can be characterized as very simple or very complex too. The decision can be supported by experiences with similar products, the information that the consumer have in the buying moment can also be influenced by beliefs about brands (Solomon *et al.*, 2006).

2.2.2 Shopping Motivation

Another issue that must be analysed in this study in order to understand in a better way the consumer behaviour is to know the reasons that lead people to go to the shops. One way of analysing this issue is to explore the consumer shopping motives, or in other words, the consumer motivations.

According to Solomon *et al.* (2006), motivation is “The process that causes people to behave as they do.”

From the psychological perspective the motivation occurs when the need is aroused and the consumer feels the desire to satisfy it. Because this necessity is activated in the consumer, it leads him to a state of tension that also leads to try to reduce or even eliminate that necessity (Solomon *et al.*, 2006).

There are two types of motivations, which leads people to buy something, according to Bhatnagar and Ghosh,,(2004) cited by Sarkar (2011), which are hedonic and utilitarian motivations. Starting to analyze the utilitarian motivations, these consist in the motives that include convenience-seeking, searching for quality of merchandise, variety seeking and reasonable price rate. Succinctly, according to Babin *et al.* (1994) cited in Kim (2006), when the motivation is utilitarian the consumer pretend to satisfy economics and functional needs. Respecting to the hedonic motivations, these are more related to the emotional side of the customer. In other words, the consumer here wants to have interesting and nice buying experiences. Both utilitarian and hedonic can work in the same moment. So, the consumer can be motivated to buy due to these two types of motivation (Solomon *et al.*, 2006).

According to a study realized by CESOP(Centro de estudos e sondagens de opinião) e in 2006, 82% of the respondents of the study normally make their buys in shopping malls instead of traditional commerce. To deeply analyze the motives that lead the consumers to the shops and the fact that most of them prefer to go to shopping malls, a study from Bloch *et al.* 1994 cited in Tiwari and Abraham (2010) identified seven dimensions that describe the motives that lead the consumers to visit shopping malls.

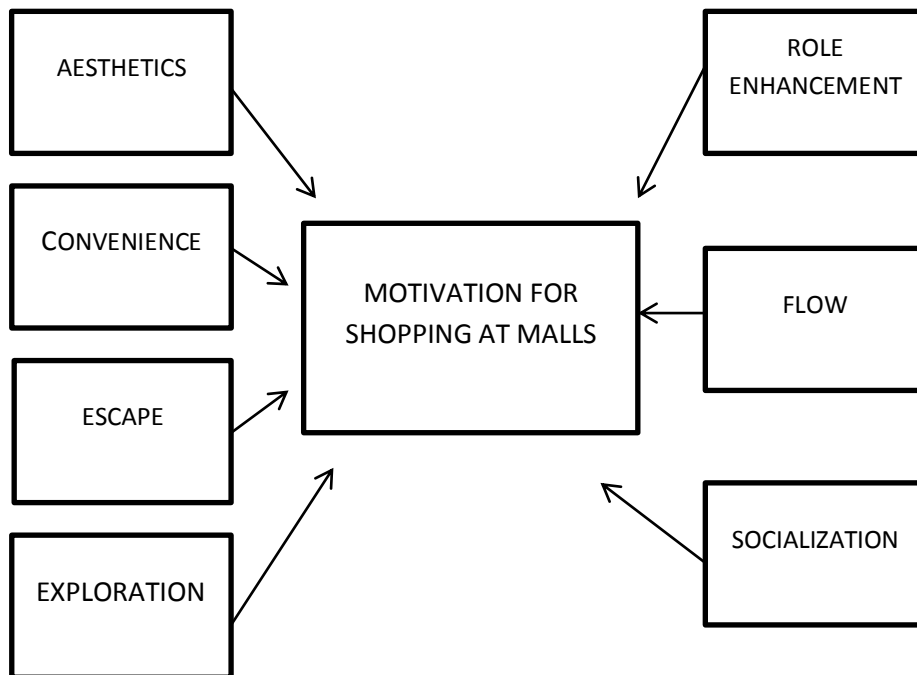


Figure 3 - Graphical representation of influence of shopping dimensions on motivation for shopping at malls. (Bloch *et al.* 1994 cited in Tiwari and Abraham(2010))

According to Wakefield and Baker (1998) cited in Tiwari and Abranham (2010) respecting to the first dimension, Aesthetics consists in the importance that architectural design has for the consumer in order to make the shopping experience more exciting for them. The authors themselves say that there is a relation between layout and the time spent in store by the consumer. With this, it can be concluded that the consumer can be motivated to go to a certain shop due to intangible characteristics like the color, ambience, light, music and fragrance.

On the Convenience Dimension, according to Koufman(1996) cited in Tiwari and Abraham (2010), the operation time and the time to reach the shop can be one of other motives that can lead the consumer to a specific store. In other words, some studies have discovered that the clients seek high convenience. (Loudan and Bitta, (1993) cited in Tiwari and Abraham,(2010)).

Another reason that can to make people go to shopping malls is related with Escape dimension. In other words, the environment formed in the own shopping malls make that people break slightly their routines and the monotony of their lives as for example work routine. Due to this, many shopping malls are applying more and more the sensorial stimulus for this same goal. (Tiwari and Abraham, 2010)

About the Exploration Dimensions, other reason that brings consumers to the shopping malls is the fact that the own consumers, when going to this type of place, they can learn something else. Tauber (1972) cited in Tiwari and Abraham (2010) refers for example that the consumers can learn more about new trends, product upgrades and other things. In this case, the reason that brings the consumer to the shopping mall has an exploratory character.

Flow dimensions are directed to the absorption pleasure that is connected to the loss of time notion when people are in a shopping mall.

Role enhancement is a reason that is connected with a certain social role. More precisely, what motivates the consumers to go to the shopping mall is the fact that they are assuming a certain social role when they are shopping. The social environment generated inside the shopping malls can be other motive for the consumers to go to this type of shop. This is verified because shopping malls offer the opportunity to socialize and are places where the consumers can meet old friends or people that they know (Tiwari and Abraham, 2010).

2.2.3 The perceptual process

In our days, wherever people are, they are constantly bombarded with a set of colours, sounds, odours and flavours. In other words, it is through the advertisements, radio, TV advertising, outdoors that make the people feel exposed to these sensations (Solomon *et al.*, 2006).

Solomon defines sensation as the immediate response to our sensorial receptors (eyes, nose, ears, fingers and mouth) to the various stimuli (light, color, sound, odor, texture). Another important definition at the sensorial level is *absolute threshold*. This threshold refers to the minimum quantity of stimuli that can be detected by the sensorial

channel. When an individual can detect differences or changes between two stimuli then this is the *differential threshold*. An example that Solomon *et al.*(2006).refers in his study is the case of an advertisement being intentionally created in black and white. If it is produced in a color TV, it can be very noticed and appealing, once the color intensity differs from the usual. But if this advertisement was viewed in at black and white TV, this effect would not be different than the others and it will be easily forgotten by the person who is watching it.

According to the same author, the process of selecting these stimuli, then organizing and further interpreting them is called perception.

On the **figure 4**, it is possible to see how the perceptual process is developed.

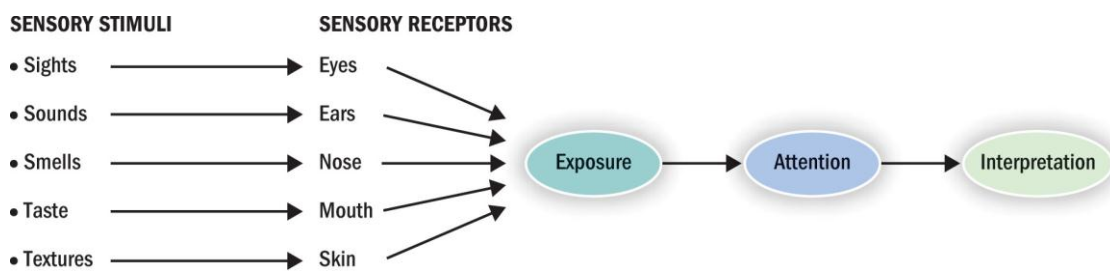


Figure 4 - An overview of the perceptual process (Solomon *et al.*, 2006)

The stimuli, as it was said before, can be received by many channels. Some examples that Solomon *et al.* (2006) refer in their book are when we try a new ice cream flavour, feeling the softness of a cashmere jacket, or even when we listen music. However, people are living in a society where the excess of information makes that they cannot capture all the information. Due to this, the same authors say that as our retention capacity is limited, the persons themselves have to select what they really want to give their attention. To this activity made by the persons, they call *perception selectivity*.

All the consumers pass by a process that is composed by three phases in order to create a perception of something, being these phases the Exposure, Attention and Interpretation.

Relatively to the Exposure phase, this is defined by Bardin and Harris (2011) as being an important part of the perception process once it is “*The process of bringing some stimulus within the proximity of a consumer to that it can be sensed by one of the five human senses.*”

In this phase, the consumer can focus himself in certain stimuli and can also ignore them or even lose the stimulus. In what concerns to the second phase, Attention consists in the degree by which the consumers focus their attention on one of the stimulus from the set of stimuli they are exposed. Finally, according to the same authors, the Interpretation phase is characterized by the consumers’ significance given to a certain stimulus. In this phase, two persons can receive the same stimulus, but the result can be different, concluding that people can interpret the same stimulus in different ways. The creation of the significance has as base the *Schema* or in other words, a set of beliefs in which the stimulus is assigned (Solomon *et al.*, 2006).

2.3 Customer Loyalty

According to McMullan and Gilmore (2008), nowadays the markets are increasingly competitive and due to this, the companies recognize that it is extremely important to have retention strategies of the actual clients and create some activities to improve the clients’ loyalty. This is verified because the benefits of having this type of strategies are known by many companies, for example the low costs associated with the clients retention in opposition to the high costs associated to recruit new clients in a market where the fierce competitiveness is present.

With this type of strategies, according to Grayson and Ambler (1999) cited by McMullan and Gilmore (2008), it is recognized that this type of loyal clients can expand with higher probability their relations with the range of products that the company offer and due to this it is possible to verify long-term and cumulative wins. Another benefit of this type of clients is that they work many times as information channels for their friends, family and others, transforming them many times in potential customers for the company (Shoemaker and Lewis, 1999, cited by McMullan and Gilmore, 2008).

Relating to the definition of loyalty, according to the literature, there are many possible definitions. However, according to Oliver (1999), some definitions do not count to the psychological component. Hereupon, Oliver (1997) defines loyalty as “ *a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive a same-brand or same brand-set purchasing, despite situational influences and marketing efforts having to potential to cause switching behaviour.*”

According to Peppers and Rogers (2011), the clients can take different directions in order to be loyal clients, this is they can be loyal at an attitudinal level or behavioural level. In the opinion of Bowen and Chen (2001), there also exists a third direction designated by composed.

The client that follows the first hypothesis, attitudinal loyalty, is totally related to the mind of consumer. In other words, the client is loyal to a company or brand if he has a positive or preferential attitude over it. In these circumstances the client like the

company due to what it offers or like the brand comparing to the products offered by the competitors. This type of loyalty is more related to will and not precisely to consumer behaviour. Giving a concrete example, the customers loyalty in terms of attitude can be reflected when the consumers are more willing to pay an extra value for a product or service of the brand A comparing to the brand B, being this good or service equivalent. A company that want to increase this type of client, in terms of attitude, will focus on improving its product, image, service or other elements of the consumer experience relating to competitors.

Regarding the behavioural loyalty, the clients are loyal because they make repeat purchases in a specific company or from a specific brand and not by having a preferential attitude over it. In other words, the client buys even when they may not like the product or service. An example mentioned by Pepper and Rogers (2011) are the discount airline companies where the client may not like the service provided and the conditions, but as the price of those travels are really cheap, this turns to be a very important factor, allowing the customers to become behaviourally loyal.

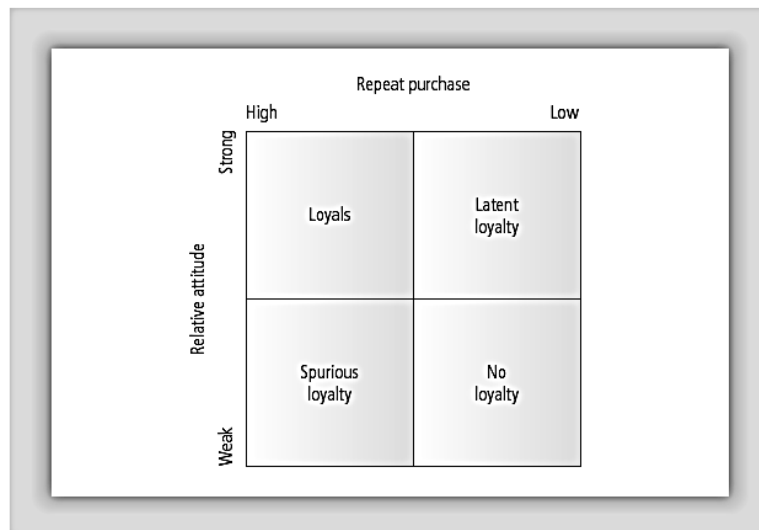


Figure 5 - Two-dimensional model of customer loyalty (Dick and Basu, 1994)

According to the model presented in the figure 10 which was formulated by Dick and Basu (1994), there are four types of loyalty relating to the first two directions previously mentioned. The “loyals” quadrant refers to the clients that have a high level of repeated purchases and also high level in attitude. Regarding the “spurious loyalty”, these consumers have a high level of repeat purchases, but they show weak attitude.

“Latent loyalty” is verified when the consumers have a positive attitude relating to the brand or company but have low levels of repeat purchases. Finally, when there are a low levels of repeat purchases and weak levels of attitude, there is no loyalty from customers.

However, with this model it is not possible to understand what comes first, if it is the attitude that precedes the behaviour or vice-versa. Besides this, in general, researchers conclude that both attitudes can influence behaviour and also behaviour can influence attitude. This means that the company needs to pay attention to both levels, because attitudinal loyalty without behavioural loyalty makes the company not to benefit financially, and behavioural without attitudinal the company become unsustainable (Peppers and Rogers, 2011).

Concerning the last direction mentioned, the composed is characterized by being a combination of the two first possible directions. This can be measured in terms of frequency of purchase, total amount of purchase, customers’ product preferences and propensity of brand-switching (Bowen and Chen, 2001).

A concept that is often confused with loyalty and that must be referred in this study is the repurchase concept. According to Dick and Basu (1994) cited in Hume *et al.*(2006), repurchase is a concept that has been studied by many authors and Peyrot and Van Doren (1994) cited in the same article, define repurchase as:

“a consumer’s actual behaviour resulting in the purchase of the same product or service on more than one occasion.”

In the literature, there are two forms of positive repurchase intention, being them the intention to engage in positive word-of-mouth and recommendation, and the other form consists in the intention to rebuy (Zeithaml *et al.* 1996 cited in Hume *et al.* 2006).

In a nutshell, what should be taken into account respecting to this concept is that whether a consumer has a negative or positive repurchase intention, it does not necessarily means that the consumer is loyal to a company or brand.

2.3.1 Relationship between store affect and store loyalty

Another question that must be addressed in this literature is how store affect and store loyalty are related, once what is being studied are the effects of Olfactory Marketing in the clients’ loyalty.

Ray and Chiagouris (2009) proposed a model to explore the relation between the antecedents of store affect (store atmosphere, store uniqueness, merchandise value and store familiarity) and the consequences that these can have relating to the store loyalty (word of mouth, willingness to pay higher prices and customer share) as shown in the figure 6.

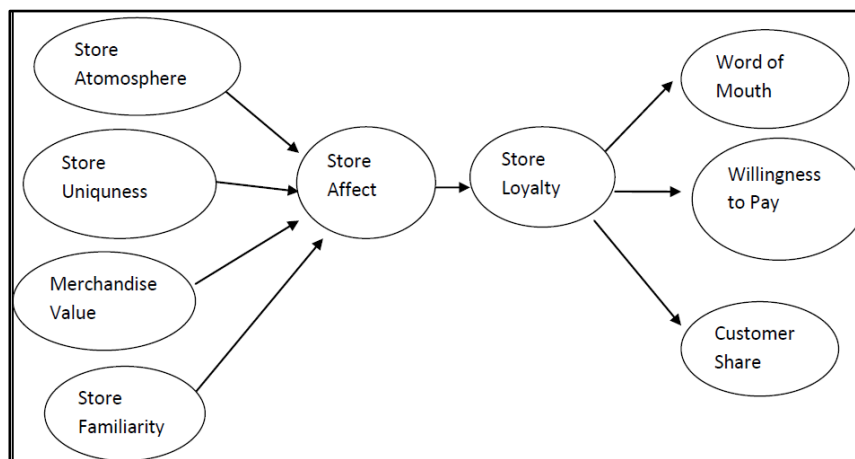


Figure 6 - Ray and Chiagouris (2009)

The model describes store affect as the potential that a store has transmitting favourable emotions to their clients, while store loyalty is, in this case, defined according to the definition of Oliver (1999),

“...store loyalty as a costumer’s willingness to revisit the store and to express commitment to the store.”

The authors defined as loyalty results the following variables: word of mouth, willingness to pay and customer share.

- ✓ **Word of mouth** – According to the authors of the model, nowadays word of mouth is the most important variable on the retail environment. Gremler (1994) and Murray (1991), both cited in Ray and Chiagouris (2009) state that the recommendations (WOM) are assumed as the main key result of a successful

relation of exchange. Those recommendations are the meaning of the dedication that the customer has to the store (Bendapudi and Berry (1997) cited in Ray and Chiagouris (2009)). As stated by the authors of the model, an exceptional WOM attitude only happens when there is a strong loyalty from the clients.

- ✓ **Willingness to pay** – It has been a very important factor in the building of a relation between customers and retailers (Selnes, 1999 cited by Ray and Chiagouris (2009). According to Chaudhuri & Ray, (2003) and Sirdeshmukh, Singh, & Sabol, (2002), cited in the same article, willingness to pay is more than simply rebuy. In other words, a client that expresses a will to pay more in a certain store is related to a commitment and loyalty attitude towards the store.

- ✓ **Customer Share** – Many times this is described as share of wallet, according to Barnes and Noble cited by Ray and Chiagouris (2009), it is defined as

“the percentage of a customer’s total annual expenditure on a particular store type that is spent on a particular store.”

As stated by Donath, 2002; Zeithaml *et al.*, 1996 cited in Ray and Chiagouris (2009), clients with strong levels of loyalty are expected to make more substantial shopping at the same store once they express strong commitment relations with that store and also strong intentions of revisit the store.

Focusing on the antecedents of the store affect, in this study the most important variable is the store atmosphere. Hereupon, this antecedent is defined, as it was stated before across the literature, as the elements that are part of a store, like for example lighting, noise, crowding, smell and others.

The main conclusion aroused in the study of Ray and Chigouris (2009) is that there is a strong relation between store affect and store loyalty. In this case, the store atmosphere was tested as a whole, including all its components together. This leads to the conclusion that the smell, even being together with other atmospheric elements, may have a capacity of influencing the clients’ loyalty.

2.4 Client satisfaction

The client satisfaction has been a relevant factor in the elaboration of strategies by many companies for a long time (Mittal and Kamakura 2001).

According to Giese and Cote (2000) there is a great diversity respecting to the definition of satisfaction. More specifically, there is no coherence in the definitions already elaborated, which turns difficult the existence of an appropriated universal definition.

Despite of this incoherence presented, all the definitions share some characteristics in common, such as:

- ✓ Consumer satisfaction is a response (emotional or cognitive)
- ✓ The response pertains to a particular focus (Expectations, product, consumption, experience, etc.)
- ✓ The response occurs at a particular time (after consumption, after choice, based on accumulated experience, etc.)

According to Kotler *et al.* (2005), the consumers make their decisions based on judgments that they form about the value that the marketing offers. This means that the clients’ satisfaction depends on the performance of the product or service in relation to the clients’ expectations.

In the opinion of the same authors, a certain consumer may have different levels of satisfaction. If the performance of the product or service is below the consumer expectations, then the client is not satisfied. If the opposite happens, considering that if the performance of the offer matches the buyer expectations, then the client considers himself as satisfied. Finally, if the performance of the product or service exceeds the expectations, then the client feels extremely satisfied or delighted.

It is important to understand how clients form their expectations. Following Kotler *et al.* (2005), the expectations are based on the opinion of friends, relatives, past buying experiences, marketers and competitors’ information or promises. Regarding marketers, they should pay attention to the information and expectations that they define for the consumer. This is noticed because if the expectations created are really low, the clients will feel satisfied but fail in the attraction of the clients. Unlike this, when the

marketers define very high expectations, clients will probably be disappointed if expectations created are not met.

2.4.1 Consequences of clients satisfaction

Oliver (1999) cited by Leingpibul *et al.* (2009) declare that there are some important consequences to bear in mind about the clients’ satisfaction.

The first consequence states that if clients of a company are satisfied, then the company will have higher capacity to extend their brand to other products and other categories. Other consequence of this satisfaction is the fact that it promotes a positive word-of-mouth through the same consumers, which can lead to attract new clients. One more positive effect for the company is the fact that they can practice higher prices for their products. Also the repurchase decision becomes easier if clients feel satisfied. Finally, the author mentions that clients that are satisfied have a greater willing to repurchase the company’s products.

2.4.2 Relation between client satisfaction and client loyalty

As mentioned before, many academic studies reported that loyalty is a really important point for the success of a business. The study between satisfaction and loyalty has received a lot of attention by various authors (Clerfeuille and Poubanne, 2003). According to those studies, for some authors the satisfaction is an essential condition to achieve loyalty, whereas for other authors this relation between the two concepts is not that linear.

The high level of satisfaction is a factor that can be associated to many other factors such as increasing of loyalty from consumers to a certain company, repurchasing intentions, word-of-mouth and profit (Fornel, 1992; Anton, 1996).

For Bowen and Chen (2001), satisfaction can lead the consumer to become loyal. However, this simple satisfaction is not sufficient, because to verify loyalty it is necessary to reach an extreme level of satisfaction.

There are also other authors that refer that the satisfaction itself will not have a direct impact on the level of consumers’ loyalty. However, this satisfaction can foster loyalty acting like a condition for the clients to keep showing favourable attitudes relating to the company, recommend and repurchase products or services of the company (Sivadas and Baker-Prewitt, 2000).

Reinforcing this idea, the authors Storbacka and Lentinen (2001) characterize satisfaction as being a factor that does not necessarily guarantee loyalty, considering that, up to 75% of the consumers that say that are satisfied or even very satisfied with a specific company, change suppliers for reasons like price, offer, or simply because they want some change in their life.

Despite all these studies, Oliver (1999) cited by Curtis *et al.* (2011) states that in the existent literature, the satisfaction and loyalty are not well defined. To confirm this, Bloemer and Kasper (1994) cited in the same article states that many studies do not consider the differences between the various types of loyalty when they are exploring the relation with satisfaction. But, in other way, according to Curtis *et al.*(2011), apart from not considering the different concepts of loyalty, they also do not take in account the different types of existent satisfaction.

In conclusion, according to this last author, there are two strands in the literature respecting to the existent relation between satisfaction and loyalty. In what regards to the first vision, the conclusion is that satisfaction is considered the main driver of the clients’ loyalty. In other words, the main factor that leads the consumers to be loyal is the satisfaction, making customers want to continue their relation with the company,

According to the second vision, the authors say that the satisfaction may influence positively the consumer loyalty but this is not sufficient to create loyalty, as it was already confirmed by other authors previously cited. Basically, with this statement the authors intend to say that satisfaction does not automatically translates into loyalty, but instead, consists in a step to reach it.

Another aspect that must be referred in this topic is that according to Homburd and Gierin (2001) cited by Curtis *et al.*(2011), the relation between these two variables are strongly influenced by each individual personal characteristics like age, income and variety-seeking.

What can be concluded with the reading of these articles is that the customers’ satisfaction is in fact an important factor to have in mind when the issue is loyalty. However, as it was said, satisfaction is not a unique and necessary condition to verify loyalty.

2.5 Atmosphere

Starting now the atmosphere theme, as it was mentioned on the introduction according to Kotler (1974), place, more specifically the place atmosphere, becomes many times a tool with a bigger influence comparing to the product itself when the consumer is in a buying decision process.

The study of this topic is based on an article written by Kotler (1974) about the atmosphere as a marketing tool.

Concerning the definition of atmosphere, it is characterized by being a space that creates certain emotions and feelings to the consumers. More specifically, it is the effort made by the companies in creating certain buying spaces trying to transmit emotional effects. More specifically, they try to create pleasant feelings in order to increase the client’s probability of buying in the company.

The exterior, interior, design, lighting, are some of the examples of stimuli considered as atmospheric stimuli by Donovan and Rossiter (1982) cited in Hoffman and Turley (2002).

An important point in this topic that Kotler (1974) refers to is the fact that these atmosphere elements are perceived through the senses: taste, sight, sound, scent and touch, which are the sensorial channels that detect those atmospheres.

Kotler (1974) makes the distinction between two types of atmosphere: Intended atmosphere and Perceived atmosphere. Respecting to the Intended atmosphere, this consists in the atmosphere artificially created that reflects what the company wants to pass to the consumers, whereas the Perceived atmosphere may vary depending on the consumers, because this is the perception that each one has about the atmosphere created by the company.

2.5.1 Store environment

To start this theme, according to Kotler (1974), the store environment is a concept where there is already a lot of literature about it, making it not a very actual theme.

Xu (2007), states that the retailers try to design a store environment with the objective of creating positive feelings on their consumers. In other words, the strategies used by the retailers have the final objective of making consumers have the standard behaviours desired by the own companies. Some of the examples of these standard behaviours that Xu (2007) refers to are making clients stay in the store for a longer period of time and be more willed to buy products.

Baker *et al.* (2002) cited by Xu (2007) state that there is a strong connection between the store environment and the consumer patronage. According to the same authors, there are three types of stimuli in a store environment, being them Ambient, Design and Social. About the ambient, this is composed by the characteristics that sustain the store, as for example the temperature, the light, noise, music and ambience scent. Concerning to the design stimulus, this consists in the first plan characteristics that consumers notice, such as colour, materials and architectural aspects. Finally, the Social stimulus is characterized as the number, type and behaviour of the consumers and employees.

Kotler (1974), also stresses that store environment has a strong influence in the consumers because it is stated in his studies that the retailers have the skills to modify consumers’ decision process by manipulating the environment around them. In this type of environment, the communication between consumers and the store is made in a non-verbal way; this is through the sensorial perception. This type of manipulation can change opinions and information about a product, service, and even the way a service is provided (Breston and Hoffman, 2001; Kotler, 1973 cited in Grayson and Mcneill, 2009).

To confirm what was said about the relationship between the atmosphere and the consumers, Turley and Milliman (2000) cited in Michon *et al.* (2005) say that the relation between the two concepts is so strong that makes that manipulation and

modifying capacity of the environment increases the probability of evoke certain behaviours in the consumers. According to the authors cited in the previous article, and directing now to the specific stimulus that we want to study in this dissertation, the scent; this is still a subject that has not received a lot of attention in the literature. According to Wilkie (1995) cited in Michon *et al.* (2005), due to being a very complex subject, it leads many authors to stay away from it. The fact that the smell is one of the senses that evokes more emotions makes that in the retail environment this is an important element to take into account, once it increases the probability of producing emotional reactions on the consumers (Michon *et al.*, 2005).

In spite of the few studies about the scent subject, there are some with conclusions that contradict what was said before about the relation between the scent and the consumer behaviour. One of the examples is the study made by Bone and Ellen (1989) once again cited in Michon *et al.* (2005), that states that there is little support to the hypothesis of a strong relation between odour and consumer behaviour. This is because the odour element is characterized by having an unpredictable response from the consumers.

Recent studies like the Fiore *et al.* (2000) cited in Michon *et al.* (2005), prove, on the contrary, that there is a connection between scent and consumer behaviour, even being the consumers’ response unpredictable and inconsistent. The authors themselves affirm that by applying, for example, a certain smell to a product, the store can increase buying intentions, have higher levels of attitudes towards that product and consumers can become more available to pay higher prices for that product.

The general conclusion we may get from these studies is that despite its unpredictable response, the smell applied in store environment as a stimulus is an important factor in the elaboration of strategies, as it can influence consumers in their store experience (Eroglu and Machleit, 1990 cited in Michon *et al.*, 2005).

2.5.2 How the atmosphere influences the behaviour

According to Kotler (1974), it is important to understand how the atmosphere can influence the consumer behaviour.

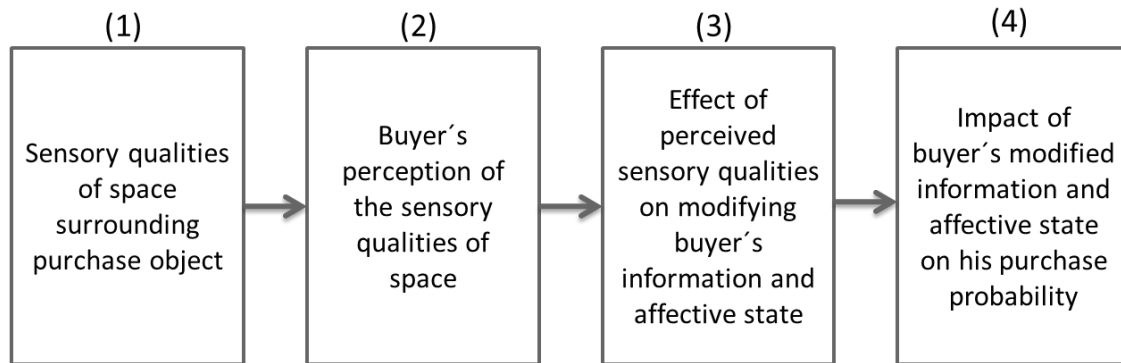


Figure 7 - The Casual Chain Connecting Atmosphere and Purchase Probability (Kotler, 1974)

Respecting to the Figure 7, it is observable that there are four phases to be run in order to have some type of impact in the consumer behaviour.

In what concerns to the first phase, it is the phase where the object is placed in a certain space with specific sensorial qualities. In the second phase, it is verified the consumers perception of some of the sensorial qualities. Relatively to the third phase, this is the phase in which these qualities about the atmosphere that the consumer is able to capture, may have an effect on its information and affective state. This change on the affective state and in the information caused by the perceived sensory qualities, leads the consumer to the last stage that is characterized by the possibility of the increase of consumers buying probability.

Turley and Milliman (2000) describe in detail a set of stimulus, comparatively with the authors mentioned before, that can affect both behaviours of employees as well as of clients (Figure 7).

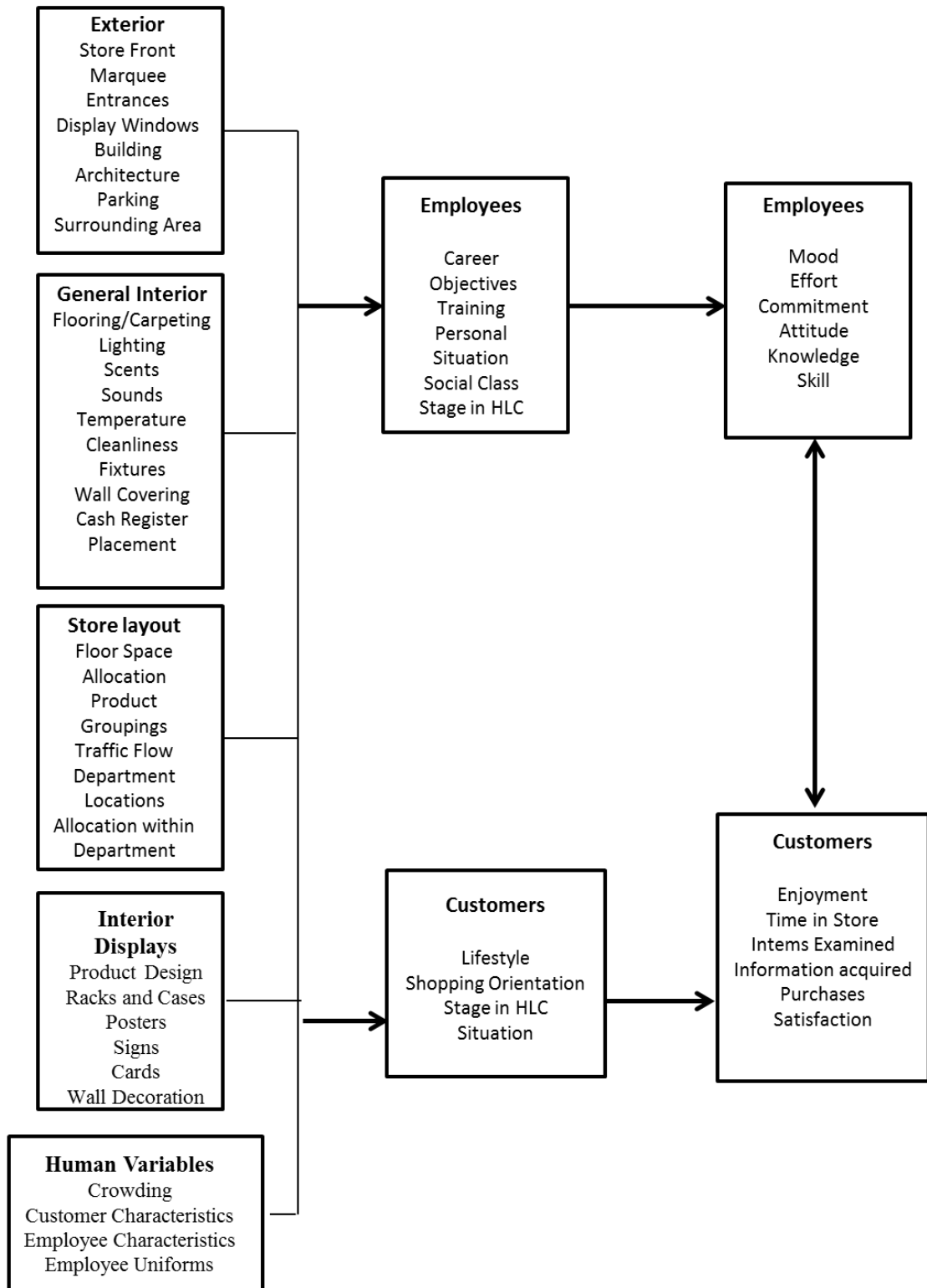


Figure 8 - The influence of retail atmospherics (Turley and Milliman, 2000)

According to figure 7, the stimulus that are daily presented to us interact with the individual characteristics of each person, which will subsequently make that each own individual has a specific behaviour. As shown in the same figure, there is a wide set of possible reactions both from the employee and the own client, when they are faced with a particular stimulus. For example, in relation to the employee, he/she can have reactions on the level of effort, attitude, mood, knowledge, commitment and skills. About consumers, the stimulus can influence the time spent in the shop, enjoyment, items examined, information acquired, purchases and the satisfaction. The response to the stimulus by the employee and by the consumer can also influence the way they interact. Another issue that should be taken into account, according to the same authors, is the fact that the same stimulus can produce a specific response from an individual and produce a completely different response from another individual.

2.6 Sensorial Marketing

In our days it is not enough anymore for the companies to focus only in visual means to get attention and motivate the clients. In other words, the companies, instead of using only the visual sense, they also use all other senses to promote their products or services, more precisely, taste, touch, smell and sound.

It is through marketing communication that the companies intend to inform and remind the consumers about its products and services and with this, they try to activate feelings and desires for consumption. Besides this, according to Albenese and Boedeker (2002) cited in Isacsson *et al.* (2009), they seek to maintain, develop and deepen the relationship with the consumers. With a more competitive market, companies should try to innovate or find different ways to get clients attention (Isacsson *et al.*, 2009).

An example in which the companies can differentiate their activity from competitors is through this type of marketing, sensory marketing. This concept can be recognized as:

“Sensory marketing recognizes how a firm, through different sensorial strategies and sense expressions, can create brand awareness and establish a brand image that relates to the customer’s identity, lifestyle, and personality (Hultén et al., 2009).”

As it was referred, the senses have a great influence on us. For example, the fresh air of spring has a specific scent, which consequently leads to certain specific emotions. In this case the marketers use this emotion created with the spring scent to sell shampoos, soaps, window cleaners, and many other products. This is done because our senses are connected to our memory as it was already mentioned and can tap right into emotions (Soars, 2009).

According to Lowengart (2010), the use of senses can make a huge difference when the consumer is deciding between a brand and its competitors. In our days, in the market there is a wide variety of products that have different characteristics and attributes, which sometimes make the consumers’ task in choosing a product to become very difficult. To help this task, the author suggests that the consumer can evaluate the quality of the products through sensorial evaluation. As it was previously referred, the food products, most of the times, are analyzed by the taste and smell, which turns the sensorial evaluation efficient.

According to Lowengart (2010), the use of senses can make a huge difference when the consumer is deciding between a brand and its competitors. In our days, in the market there is a wide variety of products that have different characteristics and attributes, which sometimes make the consumers’ task in choose a product to become very difficult. To help this task, the author suggests that the consumer can evaluate the quality of the products through the sensorial evaluation. As it was previously referred, the food products, most of the times are analyzed by the taste and smell, which turns the sensorial evaluation efficient.

An important point that cannot be forgotten in this theoretical analysis is the existent heterogeneity between consumers when evaluating products based on their senses. According to Tomlins et al. (2007) cited by Lowengart (2010), many authors have studied this issue. Mentioning a particular study of Weaver (2007), it concludes that between genres, there are differences in the sensorial evaluation of products.

In conclusion, if marketers apply to the sensorial stimuli in a right way, it can calm down, relax, distress, give energy, change the mood, influence the decision-making, enhance shopper experience and change the nature of behaviour in ways beyond our consciousness (Soars, 2009).

2.6.1 Five senses

According to Soars (2009), our five senses have a great influence on us, and many authors already started to explain the effects in cognitive, emotional, social and physical terms.

By analysing all the senses, Hultén (2009) mentions that the sense of sight is between all the senses, the most powerful sense to find the changes and differences in the environment and also the one with higher influence on the perception of goods and services. Concerning to the sense of hearing, this one is more connected to the feelings and emotions caused on the consumer. For this reason, according to Solomon *et al.* (2006), the consumers spend for example huge amounts of money yearly in CDs, tapes, in order to create the desired humour. About the olfactory sense, this is a sense that is related to the pleasure and well-being, and strictly connected to emotions and memories, being deeply analysed further in the dissertation. The taste is the most emotionally distinct state and is frequently interacting with other senses, this is to say, taste normally acts together with the other senses. Finally the touch is related to the physical and psychological interaction with the various products (Hultén, 2009).

What makes this research more interesting is that people are perfectly familiarized with the five senses, and these senses inform and make a picture of our daily life (Lindstrom, 2005).

2.6.1.1 Scent

Analysing separately the olfactory sense, as it was said before, it is a sense that cannot be ignored. According to Stevens (2006) cited by Bradford and Desrochers (2009), each person breathes around 20000 times a day being able to recognize 10000 different scents, according to the Sense of Smell Institute, which makes that each time a person breathes, creates an opportunity to feel the scent of some type of product.

According to Vlahos (2007) cited again by Bradford and Desrochers (2009), the scent, as it was mentioned, is much related to the emotions and due to this, it is directly connected to the consumers’ feelings of happiness and anger. All senses evoke memories, but the scent is the one that evokes more emotional memories.

In accordance to this, Vlahos (2007) states in his study that scent comparing to the other senses has a great power respecting to memory. It was verified that the probability of remembering something that we have smelled is 100 times higher than something we see, hear or touch. According to a study performed by Aggleton and Waskett (1999) cited by Goldkuhl and Styvén (2007), there are memories that are reminded after months, years, or even decades, when there is the presence of a scent.

Other characteristic of scent is the fact of helping people to take secure decisions. In other words, the olfactory sense helps to choose between fresh and spoiled things, namely, in case of food products (Lindstrom, 2005).

2.6.2 Olfactory Marketing

More and more, the marketers think that the scents use in their work has a strong potential (Bradford and Desrochers, 2009), because according to Goldkuhl and Styvén (2007), many people believe that the use of this sense in a right way can have an impact in consumer’s behaviour. Recently, Morrin and Ratneshwar, 2003; Spangenberg *et al*, (1996) cited by Goldkuhl and Styvén (2007) verified that some companies started to hire consultants with the objective of developing fragrances for their own use. To start developing this theme, it makes all sense to define what olfactory marketing is:

“Olfactory Marketing (also known as Olfactive Marketing) consists of using scents in a business context to enhance the experience or to alter the mood of customers and employees”².

The olfactory marketing has been considered as a trend since 2007 according to Thomaselli(2006) cited by Brandford and Desrochers(2010). Since 2008, many sectors have already started to investigate the possible effects that this type of marketing may

² <http://www.naturex.ca/en/olfactory-marketing.html>

have in consumer spending, in clients’ attraction and in the creation of memorable brands. This type of marketing is being increasingly studied by marketers as a way of creating a desire effect on consumers. (Bradford and Desrochers, 2009). In the following figure, it can be interpreted how scent can be used in marketing:

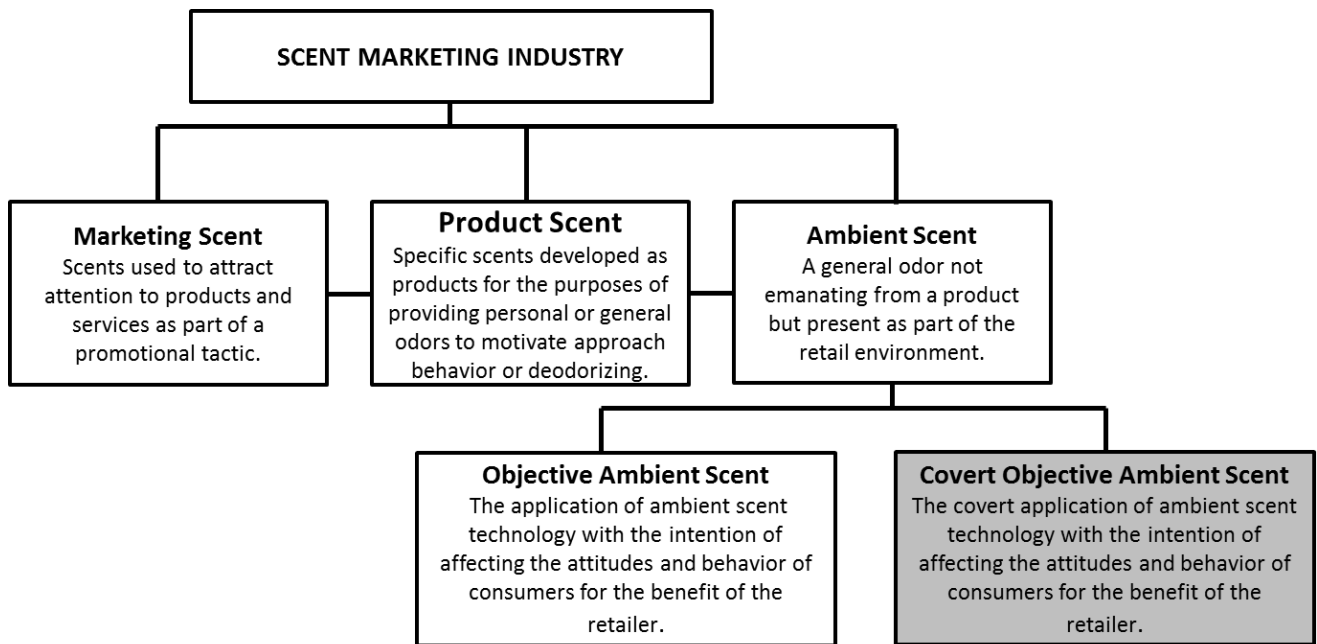


Figure 9 - Framework for using scents in marketing (Bradford and Desrochers, 2009)

Regarding Marketer Scent, a typical example that can be verified is the new car scent when we buy a car. Another example is the use of chocolate scent in a mobile phones model of Verizon wireless that in every sales point there is a chocolate scent in the air close to those specific mobile phones.

About Product Scent, in this topic, it is the product itself that transmit the scent. Typical examples of this are the fresheners e also the perfumes.

Concerning the Ambient Scent, this is a specific scent that the consumer can feel in the store, not being directly connected to the product but to the store environment itself. In this type of scent, there is a subdivision, being the ambient scent divided in objective ambient scent and covert objective ambient scent. Respecting to the objective ambient scent, this is defined as the application of a specific scent in order to affect the

consumers’ attitudes and behaviours for the benefit of the retailer. For example, through a study performed, it can be concluded that 84% of the persons will probably buy shoes or will better like some shoes if there is a present scent in the division where the shoes are exposed. According to the authors initially cited, Bradford and Desrochers (2009), regarding the study of objective ambient scent in the retail performance, the conclusion shows that this type of ambient scent has a positive effect on the evaluation, in the money spent and in the time spent in store. These results also indicate that the clients’ satisfaction increases when there is a manipulation of the ambient by the marketers.

Although the covert objective ambient scent is very similar, the difference is the fact that this is developed to motivate or influence the consumers attitudes and behaviours below the consumer absolute threshold of consciousness.

What was already mentioned concerning the effects of the use of scents, according to some authors as Bone and Ellen (1999) and Chebat and Michon (2003) cited in Goldkuhl and Styvén (2007) article, shows that its use can also have a relevant role in the intention of consumers to visit the store, revisit intentions, in the perception about the store and product quality.

However, as in all cases, there are also negative aspects, and this case is not an exception. When companies apply this type of marketing cannot forget that some scents may cause some allergies and due to this, they should pay attention to the fragrances and the components that they apply so that it is completely safe. Other disadvantage can be the fact that the consumer himself does not like the type of scent used. For example, with the use of a scent that is extremely strong, the reactions to the same begin to be more negative. In other words, the intensity of the smell is other component to take into account when the marketer develops its strategy (Spangenberg *et al*, 1996 cited by Goldkuhl and Styvén, 2007).

According to Goldkuhl and Styvén (2007), many studies were carried out about the coherence between scents and products, and came to the conclusion that the consumer will have a better evaluation of the product when the scent is coherent to the same. For example, relating to the sunscreens, the clients evaluate better the product when it has a smell of coconut comparing to others that do not have a smell that is not typical from this type of product like for example lemon scent. Also in the same article it is referred that beyond the due attention from marketers attention should be payed

also to this coherence. The existence of coherence with the surroundings where the offer is available is also important because the scent applied in a company in an isolated way is not sufficient (Parsons, 2009).

Through some studies mentioned in an article of Goldkuhl and Styvén (2007), it can be concluded that the use of scents as a marketing tool is very cheap and effective to reach the perceptions and reactions of consumers. Concerning the connection between consumer and brand, there will be a stronger relation if the senses are involved. This proves how important is the use of senses as a marketing tool is.

Scent is a great way for companies to differentiate themselves from the strong competition that is verified in our days. In other words, the company can create its own scent/fragrance, which becomes a differentiating, unifying and memorable factor. This type of differentiation, as mentioned, can create a pleasant atmosphere transferring emotions from other experiences but also triggering emotions in customers. In our days, there are some companies already using these types of signature, like for example the lingerie retailer of Victoria’s Secret. The company uses a specific fragrance to have a sensorial ambient on their stores (Tischler, 2005 cited by Goldkuhl and Styvén, 2007).

2.6.3 SOR model

According to Brandford and Desrochers (2009) the most common theoretical basis to study the scents in a store environment is the stimulus-organism-response (SOR) model.

This model is based on the condition that certain stimuli are processed in the organism, this is in the consumer, and after this it takes them to always have a certain response. This model is not created automatically on the consumer, but it tries to integrate the past experiences on their behaviour. Consequently, this type of experiences will influence or modify the consumer behaviour (Diersks, 2005).

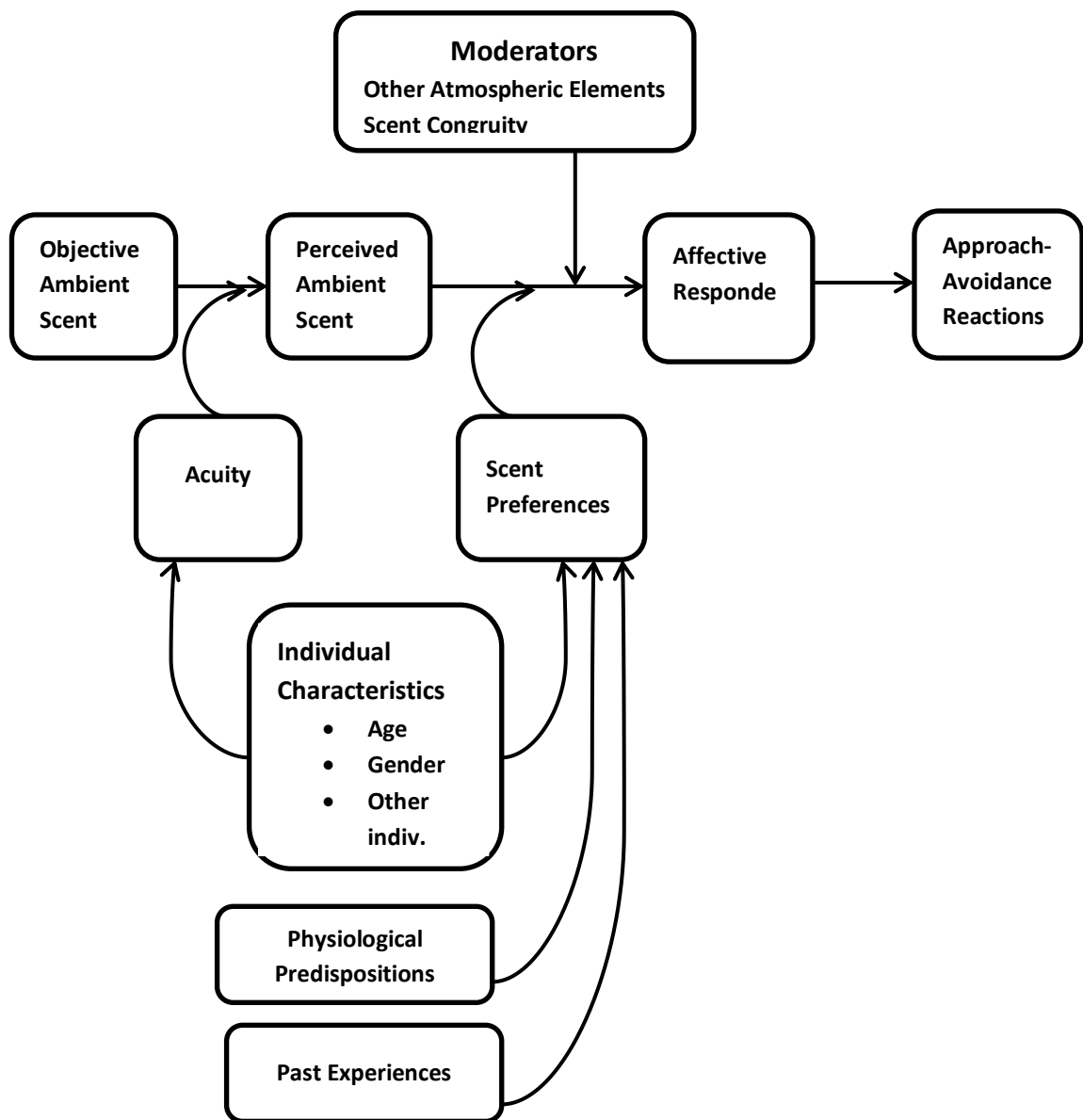


Figure 10 - Proposed Model of the influence of Ambient Scent on Consumer Responses (Gulas and Bloch, 1995)

Applying this to olfactory marketing and as the **figure 10** shows, first we have to look at the ability to recognize a scent because this depends on the acuity of each person (Brandford and Desrochers, 2009). As it was said on the olfactory marketing topic, the ambient scents can be divided in objective and covert objective. The model that is now studied assumes that the consumer is present in an objective ambient scent environment. There are several variables that influence this acuity and consequently the clients’ perception, like age, diseases and even the fact of smoking can have an impact on this perception of the scent (Gulas and Bloch, 1995).The variables previously mentioned

also have their influence on consumer preferences. Besides this, the same authors also tell that scent preferences may have origin in psychological predispositions and also in past experiences. Translating this into a concrete case, a consumer may have positive scent preferences relatively to the smell of peach ice cream because this is associated with fun picnics made by the customer for example.

Regarding the affective response, this is formed not only through perceived objective scent but also through the scent preferences mentioned before. The affect is the reaction considered very important by the consumer to the ambience scent.

As it is possible to see in the model, there are also important moderators that influence the affective answers of consumers, as for example other elements of the atmosphere. A nostalgic scent may lead to a more positive affective answer with the presence of a nostalgic music. In other way, perceived congruity of a scent with other elements of a product can also lead to specific reactions. Also the congruency between scent and the atmospheric elements may work as a moderator for a better affective response. This reinforces what was said before in the olfactory marketing topic, which shows that an affective response may not be so positive if there is no coherence between scent and the product and also the surrounding elements.

To finalize the explanation of this model, mentioned by Gulas and Bloch (1995), it is expected that after the affective response to the ambient scent, this result in an approach or avoidance behaviour by the consumer. Approach behaviours include all the positive behaviours, for example, the desire to remain in a store and explore its products. In opposition, the avoidance behaviours reflect a desire to get out of the store and not to explore the range of products (Brandford and Desrochers, 2009). According to some authors cited in Hoffman and Turley (2002) in a more detailed way, the result of these two types of behaviour can be shown through four ways:

1. A desire to stay (approach) or leave (avoid);
2. A desire to further explore and interact (approach) or a tendency to ignore it (avoidance);
3. A desire to communicate with others (approach) or to ignore (avoid);

4. Feelings of satisfaction (approach) or disappointment (avoidance) with the service experience.

Concluding this model is interesting to the research since Gulas and Bloch (1995), conclude that the environmental elements determine if the consumer is attracted or not by those elements, provoking the effects of approach or avoidance.

Chapter 3 - Conceptual Model

The research and analysis of a variety of authors on the previous chapter allows a better comprehension of the concepts that evolve the theme studied in this dissertation.

Having said that, based on all the literature and models analysed, the purpose of this chapter is to create hypothesis to answer the questions about the theme.

For the development of the hypothesis, a model is created based on the literature review previously analysed. This model at a global level is composed by three main groups of variables: Olfactory Marketing, Consumer Reaction and finally Consumer Behaviour.

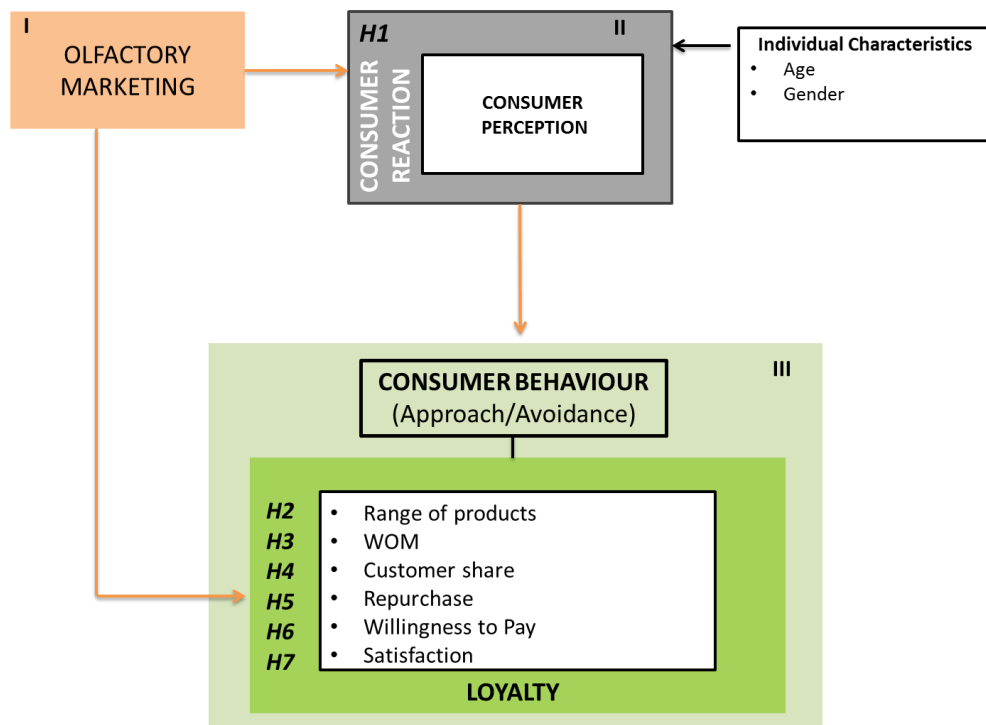


Figure 11 - Conceptual Model

By initiating the explanation of this model it makes sense to refer that its main support are all the characteristics that, according to the authors mentioned in the **table 2**, may lead to clients’ loyalty.

As it was concluded in the literature, more specifically on the “Loyalty” in chapter 2, there are many definitions for loyalty and consequently different types of behaviour from the consumers that characterize loyalty. Due to this, the set of characteristics mentioned by the authors is collected and a possible characterization of the behaviour of a loyal client for this study is created, being composed by:

CHARACTERISTICS	REFERENCES
INCREASE RANGE OF PRODUCTS	Grayson and Ambler (1999) cited by McMullan and Gilmore,(2008).
POSITIVE WOM	Modelo Ray and Chiagouris, (2009); Shoemaker and Lewis, 1999, cited by McMullan and Gilmore, (2008).
INCREASE OF COSTUMER SHARE	Modelo Ray and Chiagouris (2009).
REPURCHASE	Oliver (1997).
WILLINGNESS TO PAY	Modelo Ray and Chiagouris (2009).
SATISFACTION	Fornel, 1992; Anton, 1996; Bowen and Chen (2001), Curtis <i>et al.</i> (2011), Sivadas and Baker-Prewitt, (2000).

Table 1 – Proposed characteristics of a loyal customer

Based on the main characteristics that leads a client to be loyal, the olfactory marketing is considered to be the influencer variable of this dissertation.

The intermediate variables which compose this path are:

- **Consumer reaction**
 - ✓ Perceptual process – On this stage of the model, the consumer will get through a perceptual process composed by 3 phases, which are, according to Solomon *et al.* (2006): Exposure, Attention and Interpretation.
- **Consumer behaviour**

- ✓ Loyalty – The result of the previous stage can lead to a different consumer’s answer: an approach or avoidance behaviour (Model of the Influence of Ambient Scent on Consumer Responses (Gulas and Bloch, 1995)). In other words, in this phase it will be perceived if the consumer has these kinds of behaviour (approach or avoidance) regarding the characteristics that define a loyal client mentioned on the **table 1**.

Consumer reaction and **Consumer behaviour** seems to have a similar meaning. However, in this case, **Consumer Reaction** consists mainly on the consumer’s first reaction. In other words, it is more directed to the influence that the stimulus has at a psychological level, as for example if the consumer ignores it, if he/she feels nostalgic, if it activates his/her emotional side. In a succinct way, the final result of the consumer reaction is the interpretation given by the consumer to the smell. Regarding the **Consumer Behaviour**, as it was said in the literature,

“ It is the study of the processes involved when individual or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires.” Solomon *et al.* (2006:6)

In conclusion, the difference between consumer reaction and consumer behaviour is that the first is directed to the interpretation that the consumer gives to the smell while the second is directed to the behaviour influenced by this same smell.

Regarding the variable “**individual characteristics**”, its main role is to make a more detailed research. According to the Proposed Model of the Influence of Ambient Scent on Consumer Responses (Gulas and Bloch, 1995) age, sex and other individual characteristics affect the consumer perception when he/she faces the stimulus smell. To reinforce what is said in this model, the focus will only be on the variables age and sex for the target public of this study once they are the unique variables identified in the model. Regarding the “other individual characteristics”, the study does not identify which they are, being this the reason to focus on the two variables previously referred.

Concluding this variables analysis that characterizes the model, it is possible to state the hypothesis to be posteriorly tested.

H1 – The Olfactory Marketing is an influent factor on the consumers’ perception.

This first hypothesis mainly regards to the effect that the smell has on the consumer’s reaction. Despite the correlation between these two variables which have already been studied on the literature, what is intended is to reaffirm that this is verified also to the targeted public of this study or not. This hypothesis may have the result of an approach or avoidance behaviour (Gulas and Bloch, 1995).

H2 – The Olfactory Marketing is an influent factor on the clients’ decision of buying products from other categories that they initially do not have in consideration.

One of the first benefits and consequences of a loyal client mentioned on the literature is the extension of the product range. In detail, according to Gayson and Ambler (1999) cited by McMullan and Gilmore (2008) clients that are loyal to a certain store will expand the relation with other products or services that the store or brand has to offer. Through this hypothesis it is possible to understand if the smell, used on purpose in a certain store, is capable to make the clients expand their shopping to other product categories that he/she initially does not consider to buy.

H3 – The Olfactory Marketing is an influent factor on the clients’ Word of Mouth.

Other characteristic identified as a result of loyal client behaviour is the Word of Mouth. Regarding this loyalty consequence, there are some authors that refer it as a benefit/result of a loyal client leading this characteristic to be considered as having a great value to this study. One of the first authors that refer this characteristic is Shoemarket and Lewis (1999) cited by Mullan and Gilmore (2008). According to them, a loyal client can be considered an information channel for friends and/or family, allowing them to further become clients of that store. Other reference is made by Ray and Chiagouris (2009) in their model, getting to the conclusion that the store atmosphere, even being used with other variables, has influence on the Word of Mouth. The purpose of this hypothesis is to understand if the smell by itself, once again intentionally used, has any kind of influence on the comments and/or recommendations that the clients make to their range of contacts. In a succinct way, it is intended to understand if the smell is a sufficiently strong tool to cause Word of Mouth behaviour from the clients.

H4 – The Olfactory Marketing is an influent factor in the clients’ total expenditure (Customer Share).

Customer share is the second characteristic studied in the Ray and Chiagouris (2009) model. Once again the conclusion aroused on study state that the store atmosphere as a whole, has an impact on this variable. What is intended once again is to study the connection the smell by itself may have on the total expenditures of a client on a specific store.

H5 – The Olfactory Marketing can influence the customers to repurchase.

The variable repurchase is based on the definition of Olivier (1997). On this definition, Olivier shows that loyalty is the act of repurchase of a product or service in a consistent way at a specific store. By saying this, the objective of this hypothesis is to understand if the smell by itself has any kind of influence on the clients repurchase of a specific shop in a consistent way.

H6 – Olfactory Marketing can make clients not to mind paying more for a product.

Willingness to pay is the last variable studied on the model of Ray and Chiagouris (1997) as it was referred on the hypotheses 3 and 4. Once again the authors, in accordance to WOM and Customer Share, arouse to the conclusion that the store atmosphere also influences the client’s willingness to pay. On this hypothesis the intention is to study the connection that the smell may have on the client’s willingness to pay more for a specific product.

H7 – The Olfactory Marketing is an influent factor on the clients’ level of satisfaction.

The clients’ satisfaction is a concept already studied by many authors and consequently there are studies that address the correlation between loyalty and satisfaction (Clerfeuille and Poubanne, 2003). The studies referred on the literature in the chapter “Relation between client satisfaction and client loyalty” state that there are authors like Bowen and Chen (2001), Fornel (1992), Anton (1996) who affirm that clients’ satisfaction level is connected to loyalty (Sivadas and Baker-Prewitt, 2000). What can be concluded from the analysis of the various authors is that the satisfaction has a weight, even if it is little, on the clients’ loyalty. Due to this, being considered by most of the authors as a consequence of the loyalty, the satisfaction level

must be included on this model. This hypothesis tries to understand if the smell used on a store can be by itself can have impact on the clients’ satisfaction.

In a nutshell, the increase of range products, WOM, Satisfaction, Willingness to pay, customer share and repurchase will act in an indirect way. This is, in all the hypotheses where these variables are implicit, they will work as a “conducting wire” between loyalty and smell.

Chapter 4 - Methodology

In general, this chapter is mostly to explain how this investigation is made, namely about the questions related to the investigation methods and also about the questions related to the sample.

The instruments used in this research are described in more detail in order to reach the objectives previously described without compromise or impugn the research conclusions.

4.1 Type of Study

By analyzing the various scientific methods, the one that better fits in this study is the descriptive method based on a collected data sample. According to Travers (1978) cited in Adanza (2006) the main objective of this type of method is “...*to describe the nature of a situation as it exists at the time of the study and to explore the causes of particular phenomena*”. This definition fits perfectly in this dissertation as it studies the Olfactory Marketing phenomena already used in Zara Home store, and understand its causes. Another definition, with a complementary vision to the previous one described is that the descriptive research consists in capturing the sample information with the final objective of getting answers to the hypotheses created or the selected questions related to the study theme (Gay, (1976), cited in Adanza (1995)). In a succinct way, these two definitions describe what is really intended with this study:

- ✓ To study an already existent phenomena and its causes
- ✓ To obtain answers for the hypotheses created.

For this study, the investigation field chosen is the Zara Home store.



The choice of this store is based on a set of factors, being the main one the fact that the Zara Home practices Olfactory Marketing. In Portugal, according to the *Airquality* responsible/CEO, the use of this type of Marketing is recent,

*“The Olfactory Marketing concept is still recent in Portugal. In foreign countries, in opposition, it has been widely used on the communication and marketing strategies of a lot of companies in the USA, Japan and Europe”.*³

Being Olfactory Marketing a really recent tendency in Portugal, creates a limitation related to the choice of the store for this study. In an initial phase of the study, the store chosen was the Maggy Emporio store, which is situated only in Lisbon and has really small dimensions comparing to Zara Home. The main limitation was that the respondents had a lot of troubles when trying to remember and detach the smell of the Maggy Emporio store, once it was very smooth and almost undetectable. Due to this, once Zara Home uses a pretty intense and differentiating smell (according to the store managers), made the final choice be Zara Home. The managers say that before entering in the store, the consumers already feel the smell used by the store. Another reason that leads to the choice of this store is the size of this chain of stores that is present throughout the national territory, North, Centre and South. With this, most of the consumers can easily know and recognize this store.

³ <http://www.airquality.pt/imprensa/>

4.2 Sampling design of the study

4.2.1 Population

The concept of "population" encompasses all elements and characteristics that are the subject of study. (Aaker et al. (2004)).

Regarding this study, the main target intended to reach is composed by people who live in Portugal and have already bought any product on the store chain Zara Home. Other characteristic of the main target is that is composed by individuals who visited the store on the last 15 days (before answering the survey). The reason for this is that the smell is a sense that sometimes may be hard to be reminded, and with this 15 days range, the credibility of the answers is higher.

4.2.2. Sampling

The sample concept, is defined as a finite subset of the population (Aaker *et al.* (2004)) One of the advantages of the sampling is to try to overcome the limitation of opting for a population considerably high. This means that with the sampling process it is possible to avoid the costs not only regarding time but also financial costs (Aaker *et al.* (2004))

Due to various limitations such as time, a convenience sampling process is imposed.

To calculate the minimal sample number, it was used the statistical form:

$$n \geq \frac{p(1-p)}{\frac{\epsilon^2}{Z_{\alpha/2}^2} + \frac{p(1-p)}{N}}$$

n – Sample dimension;

P – Proportion of subjects in the sample with the attribute;

ϵ – Error Margin;

α – Significance level;

$Z_{\alpha/2}$ – Value of the normal distribution for a confidence level = $(1 - \alpha)$;

N – Dimension of the population.

The dimension of the population considers the number of habitants of both sexes living in Portugal - $N = 10562178$ habitants⁴.

The proportion (p) of individuals in the sample with a specific attribute is set to $p=0.5$ (implying an upper limit for the corresponding variation). The result yields a sample around 385 individuals as the necessary to guarantee an error margin of 0.05 for the estimated proportion, at a confidence level of 95%.

4.3 Type of questionnaire and scales used

Regarding the data collection instruments it is used the survey method. The surveys were made online in order to reach a higher number of clients. To avoid wasting time, the tool used for the online surveys was Facebook. Through the Zara Home Facebook it was possible to reach their clients, which was an initial requirement to proceed with the survey.

The survey is composed by closed questions. This type of questions is used because according to Aaker *et al.* (2004) it will turn the comparison easier between the respondent answers, which will help on the analytic process further in this dissertation. According to the same author, “*the comparison is essential for the utilization of any analytic method*”.

Other reason to opt for this type of questions is because in similar previous experiences it was difficult to get answers as people do not have patience or time to answer. With this, through the utilization of this type of questions it will be easier to get answers by the respondents allowing them to spend less time and effort to answer.

According to Aaker *et al.* (2004), there are two types of closed answers. The first type is when the respondent has the possibility to choose one or more alternatives of a list of possible answers, and the second type is when there is an evaluating scale where the respondent answers regarding a certain statement.

⁴ INE, Censos 2011

On this survey, both types of closed questions are made and regarding the second type of closed questions (order scale), the scale used to evaluate the statements is the Likert scale. This type of scale allows the participants to indicate the concordance or discordance degree about a set of statements (Aaker *et al.* (2004)). The scale dimension is also an important point and was based on the literature. According to Preston and Colman (2000) study, to rely on this type of scale application, it must have 7 categories. According to the authors, scales with small numbers of response are generally less valid and less discriminating than scales with more response categories. Another reason to use a seven point scale is because short scales like the four point scales proved to be unfavourable, not allowing the respondents to express their feelings adequately. (Preston and Colman, 2000).

Based on this, the scale size is 7 categories: 1 – Strongly Disagree; 2 – Disagree; 3 – Disagree Somewhat; 4 – Indifferent; 5 – Agree Somewhat; 6 – Agree; 7 – Strongly Agree.

In all the questions where the answers are in the scale method, the “indifferent” element is used with exception of one question where it does not make sense to use it. Since what is being studied is the influence and strength of the smell on the consumer behaviour, it is fundamental to consider the hypothesis of being an indifferent (or not) element for the respondents.

4.3.1 Pre-test

According to Pereira (2008), before advancing to the main survey it is fundamental to realize a pre-test of the main survey which intends to detect errors or understand if there are any questions that are not well understood by the respondents.

Therefore, before starting with the main survey, a pre-test is made to a group of 15 people of the same type of sample/target that will further answer the main survey.

The pre-test was made with the presence of the respondents which gives the possibility to discuss any doubt or question about the pre-test.

The analysis of the doubts, questions and suggestions given were all taken into account, leading to the reformulation of the survey. After changing the survey, a new pre-test is made to other 15 people of the same type of sample, already with the changes

previously proposed. With the elaboration of this second pre-test it was possible to conclude that the survey was finally ready to be made to the final respondents.

In conclusion, this pre-test was very helpful tool to support the reliability of this study and coherence with the objectives initially defined, since its purpose is to “...assure that the survey reach the researcher expectations regarding information needed to obtain.” (Aaker *et al.* 2004, pp. 333).

The final version of the survey is presented in appendix (**annexe I**). An important point to refer is that the attached survey may not be exactly like the one answered by the respondents. In other words, since this is an online survey, there are some questions that are automatically filtered and the respondents answer to the questions according to their previous answers. On the attached survey the filtered questions are indicated.

In order to clarify the relationship between the research hypotheses and the questions in the survey, the following table is presented:

Hypothesis	Description	Questions
H1	The Olfactory Marketing is an influent factor on the consumers’ perception.	6
H2	The Olfactory Marketing is an influent factor on the clients’ decision of buying products from other categories that they initially do not have in consideration.	5
H3	The Olfactory Marketing is an influent factor on the clients’ Word of Mouth.	20,21,22
H4	The Olfactory Marketing is an influent factor in the clients’ total expenditure (Customer Share).	19
H5	The Olfactory Marketing can influence the customers to repurchase.	9,10,11,18
H6	Olfactory Marketing can make clients not to mind paying more for a product.	8,12,13,14
H7	The Olfactory Marketing is an influent factor on the clients’ level of satisfaction.	15,16,17

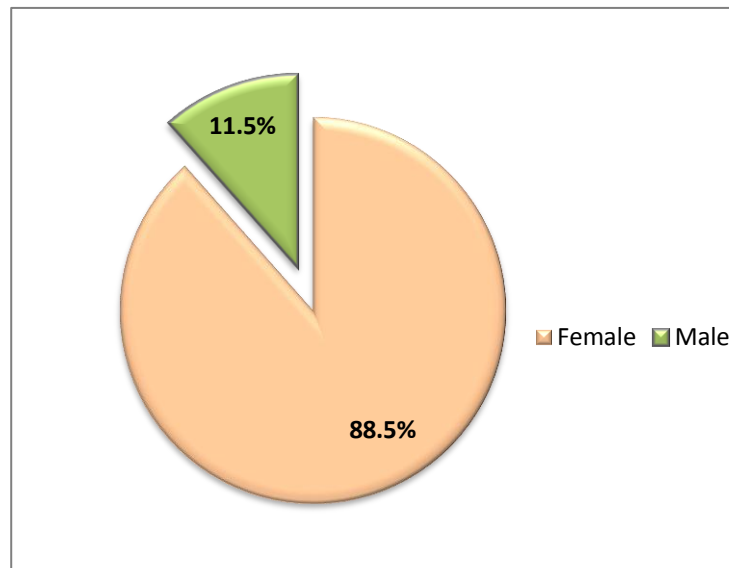
Table 2 – Hypotheses and respective questions

Chapter 5 - Quantitative study results

In this chapter the intention is to analyse all the results obtained from the data collected with the online survey made to the sample of Zara Home consumers. All the following results regard to this online survey and refer to a sample of 390 respondents.

5.1 Socio-Demographic Characterization

Beginning with the demographic characterization of the sample, it is possible to see through the **Graphic 1** how the majority of respondents are women (88% of the total sample).



Graphic 1 – Sex (%)

The reason of this big difference between genders can be justified by the fact that the type of clients that care and are interested on the type of products that Zara Home has to offer are mostly women.

Regarding the age distribution, it is possible to observe it on the following table:

Age group	Frequency	Percentage
<= 19	6	1.5%
20-40	219	56.2%
41-60	149	38.2%
>=61	16	4.1%
Total	390	100%

Table 3 - Age

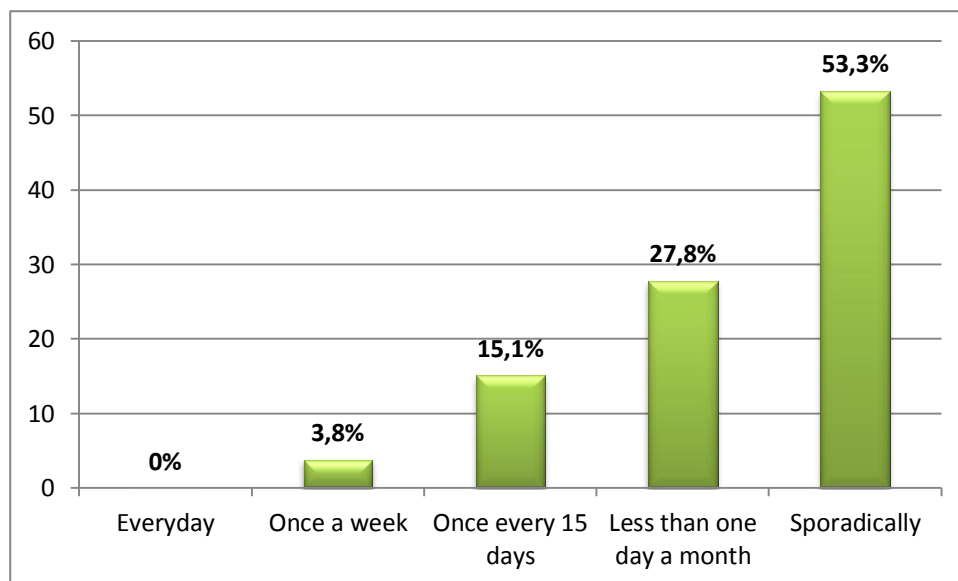
Most of the respondents belong to the age group of 20-40, representing more than a half of the sample (**56.2%**). The age group with the ages between 41-60 also has a relevant importance in the sample, although less representative regarding the previous group mentioned, they still represent around **38%** of the respondents.

5.2 Descriptive Characteristics

Regarding the descriptive characteristics, the answers to the groups of questions in the survey are now presented.

Regarding the first group of questions: “**Description of consumption in Zara Home**” the answers obtained are the following:

Question 1 - How often do you come to this store (Zara Home)?

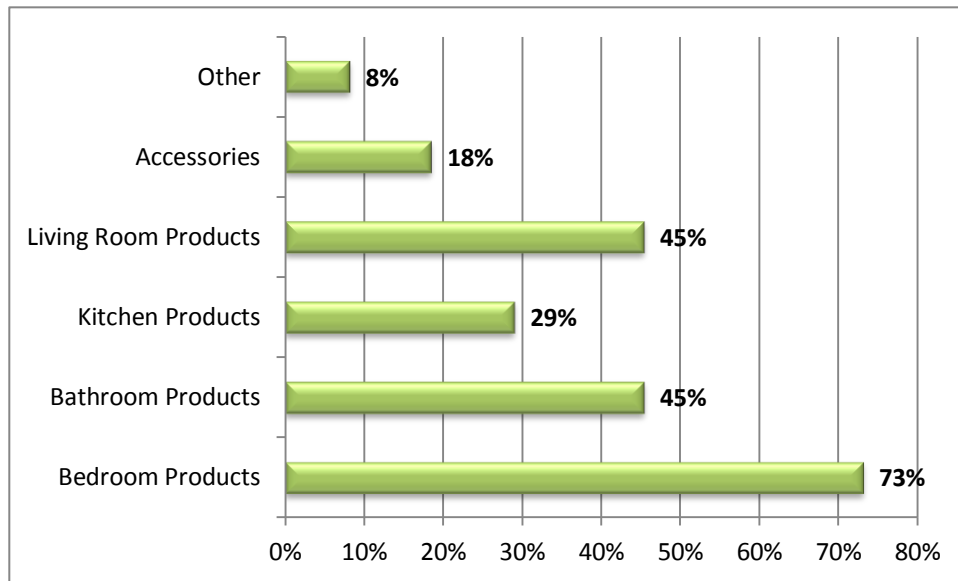


Graphic 2 - Store visits frequency (%)

Through the observation of the graphic, it is possible to conclude that more than a half of the sample visits the store sporadically (**53%**). Around **28%** of the respondents are people who visit the store less than once a month.

According to the frequency of visits these results must be due to the fact that the store products are not products to be used in a daily basis or with a certain routine.

Question 2 - What normally makes you buy at Zara Home?



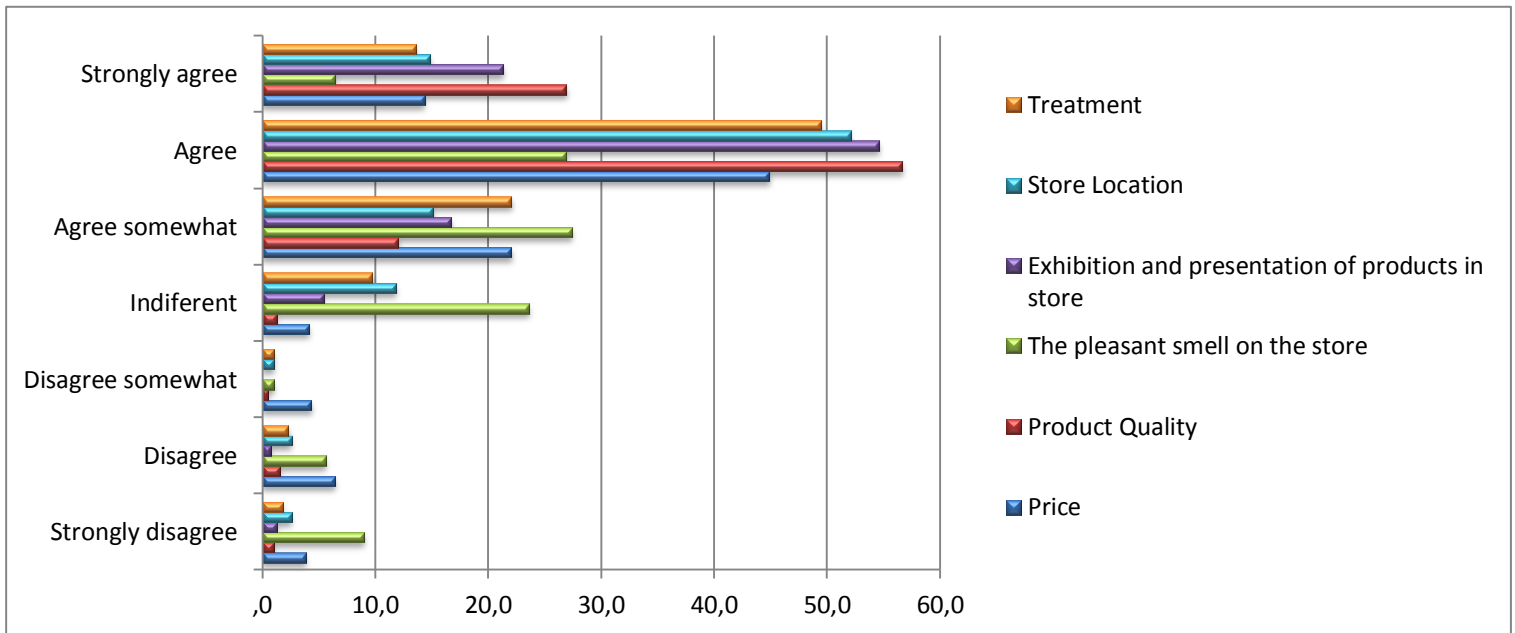
Graphic 3 –Type of product bought by the clients (%)

Regarding this question, the respondents could answer to more than one category.

Through the **graphic 3** it is possible to conclude which are the products normally bought by the clients. As it is possible to observe, **73%** of the total respondents usually buy bedroom products, **45%** buy Living Room products and also **45%** buy bathroom products. The Kitchen products and Accessories are the products which are less searched by the clients with **29%** and **18%** of the sample buying those types of product.

Through a general analysis, it is possible to conclude that some clients buy products from two or more categories, not being restricted to only one type of product. This can be explained by the total results presented in this table. In other words, if the respondents buy only one product category the total would be 100% and not **218%**.

Question 3 – Which of the following factors influence your loyalty to Zara Home?



Graphic 4 - Degree of influence of the factors on the loyalty (%)

Regarding this question, the intention is to understand if the smell can have any kind of influence on the client’s loyalty.

Through the **graphic 4** observation it is possible to conclude that the factor which most influences the client’s loyalty is “Product Quality”. In more detail, this factor obtained the higher number of positive answers with **95.7%** of the answers (Agree somewhat – 12.1%; Agree – 56.7% and Totally agree – 26.9%), in comparison to the negative answers with only 3% of answers.

The second factor with higher number of positive answers regarding client’s loyalty is the way products are exposed on the store, with **92.6%** of positive answers, against 2.1% of negative answers.

The treatment, store localization and price are the following factors, with **85.2%**, (Agree somewhat – 22.1%; Agree – 49.5%; Strongly agree – 13.6%) **82%** (Agree somewhat – 15.1%; Agree – 52.1%; Strongly agree – 14.9%) and **81.4%** (Agree somewhat – 22.1%; Agree – 44.9%; Strongly agree – 14.4%) respectively.

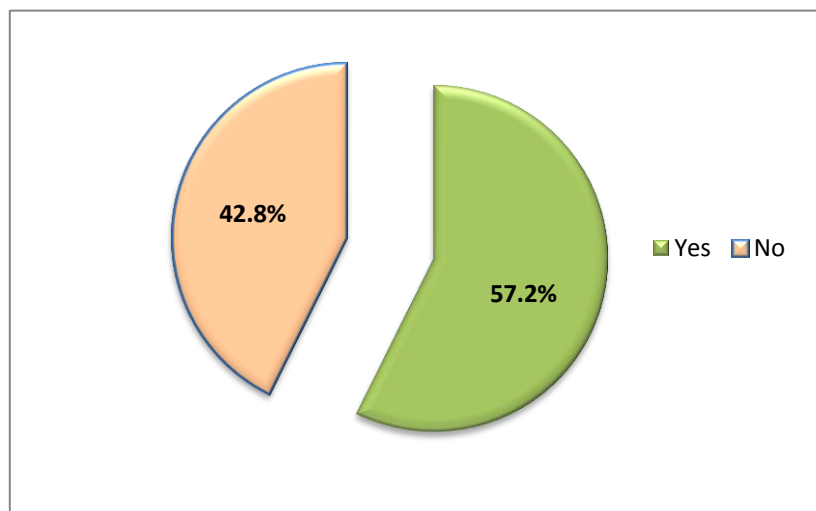
Regarding the factor smell, which is the most important for this study, it is the element that registers the lower number of positive answers and higher number of negative comparing with the other factors previously mentioned. Even though, it is still important to refer that this factor has a higher number of positive answers, with **60.7%** (Agree somewhat – 27.4%, Agree – 26.9%, Strongly agree – 6.4%) against 15.6% of negative answers.

In a succinct conclusion, there are more individuals agreeing that the smell contributes to their loyalty than comparing to the ones who answered that it does not influence this type of behaviour.

It is also important to refer that the pleasant smell on the store is considered indifferent by **23.6%** of the respondents. In other words, the fact of having a high percentage of “Indifferent” answers, it means that a store by having a pleasant smell will not make the client loyal to that same store due to the smell. Despite the consumers’ indifference to smell, there is still a higher number of respondents who register that smell can have influence on their loyalty than the number of respondents who answered as being “Indifferent”.

Starting now with the descriptive analysis, regarding the second group “**Influence of Olfactory Marketing on the consumer**” the answers obtained are now presented:

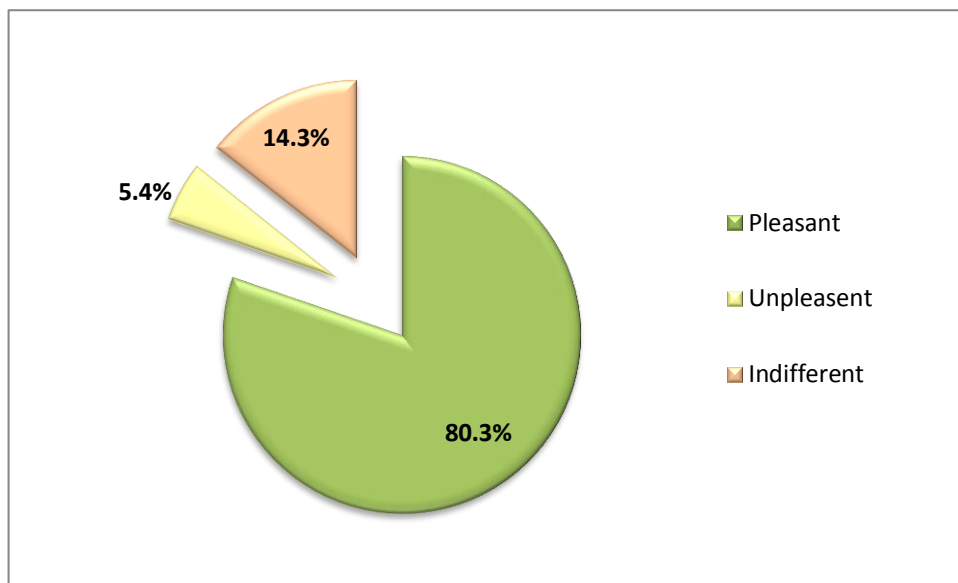
Question 4 – Have you ever heard about Olfactory Marketing?



Graphic 5 - Knowledge about Olfactory Marketing theme (%)

Regarding the Olfactory Marketing theme, this is an issue that more than a half of the sample already heard about (57.2%), although there is still a considerable percentage of people who have never heard about the Olfactory Marketing theme (42.8%).

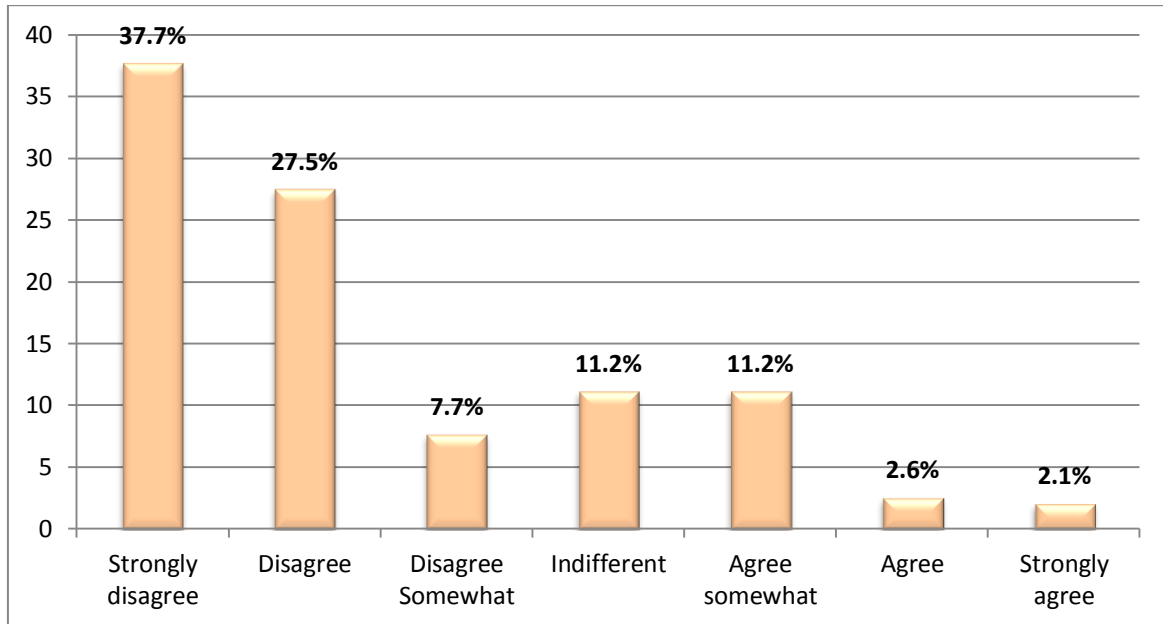
Question 7 - In this store, what do you have to say about the smell?



Graphic 6 - Opinion regarding Zara Home store smell (%)

When answering about the Zara Home smell, most of the respondents state that the smell is pleasant (80%), only 5.4% thinks that the smell is unpleasant, and the other 14% consider the smell as indifferent not stating it as pleasant or unpleasant.

Question 8 - The fact of having a pleasant smell in the store makes me does not mind to pay more for a product.

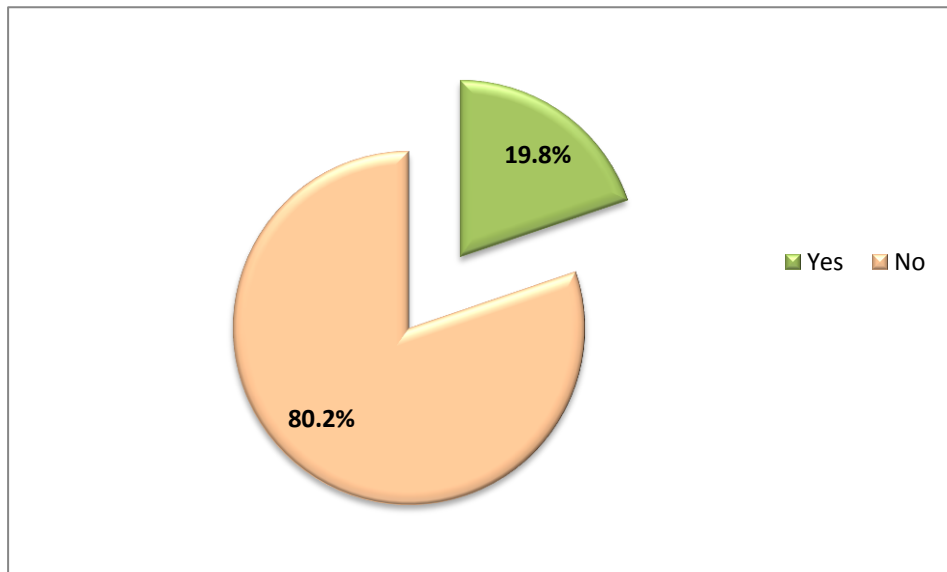


Graphic 7 - The influence of smell on the value to pay for the product (%)

This **question 7** refers to the **80.3%** of respondents who said that the smell at Zara Home stores is pleasant. Through the observation of the **graphic 7** it is possible to state that there are more individuals disagreeing with this affirmation than individuals who agree with it. More specifically, 37.7% of the respondents strongly disagree that for the fact of having a pleasant smell it will make them be willing to pay more for a product. In opposition, only **16%** of the respondents answered positively to this statement (Agree somewhat – 11.2%; Agree 2.6%; Strongly agree 2.1%).

This leads to conclude that the smell of Zara Home store is not a decisive element to make the client be willing to pay more for a product.

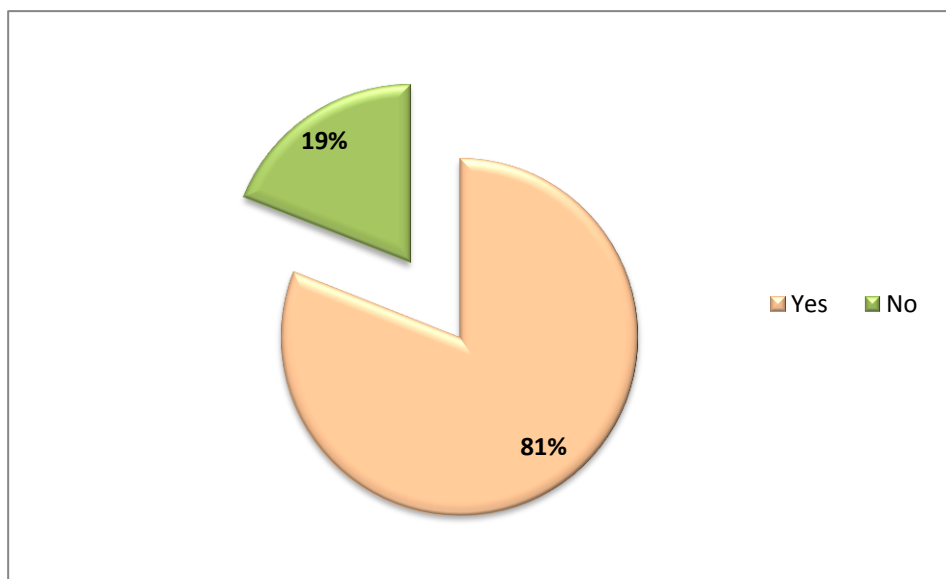
Question 9 - If the smell was unpleasant would you return to the store?



Graphic 8 - Opinion regarding Zara Home store smell (%)

This **question 9** refers to the **80,3%** of respondents who said that smell at Zara Home stores is pleasant. In this case, it is easily observed that an unpleasant smell can be a sufficiently strong factor to make client not return to the store.

Question 10 - In spite of the unpleasant smell, do you return to the store?



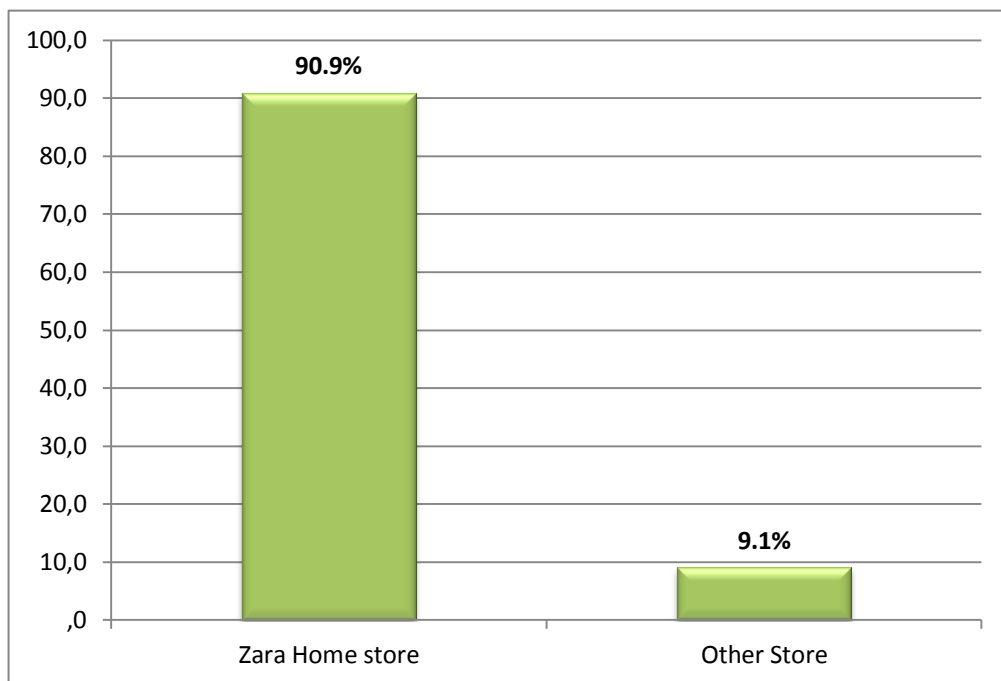
Graphic 9 - The influence of a pleasant smell on the willingness to come back to the store (%)

The question 10 refers only to **5.4%** of respondents who said that the smell at Zara Home stores is unpleasant. For this reason, the conclusion on this question is very limited.

The results presented in this graphic seem to be a little contradictory to what was verified on the previous question. On the previous question, the individuals who think that the smell of Zara Home is pleasant said that they would not return if the smell was unpleasant, which makes smell a decisive element to come back to the store. Regarding the **question 10**, the results seem to be the opposite once according to the answers, in spite of the unpleasant smell, the clients’ would come back to the store. In this case, for the respondents, there must be other elements more important for them than smell, which makes them return to the store.

In spite of these results, the conclusions of this question cannot be so linear because the number of respondents who answered this question is very small. For this reason, the conclusion on this question is very limited.

Question 11 - If there was a store next to this, with the same product you want, at the same price but without smell. Which one would you prefer to go to?

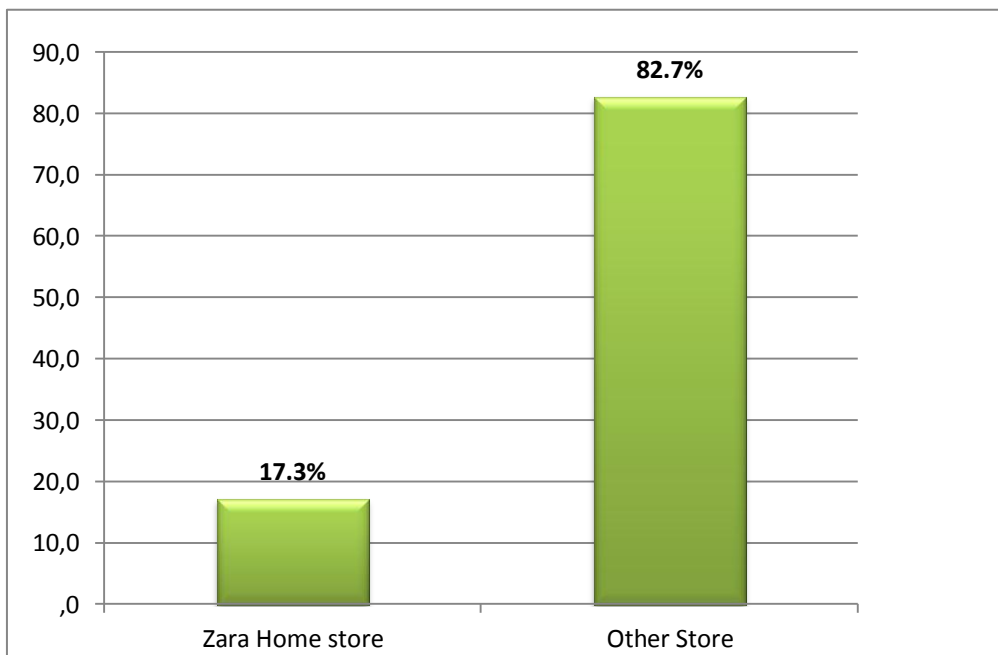


Graphic 10 - Preference between a store with smell (Zara Home) and without smell (Other Store) (%)

This **question 11** refers to the **85.7%** of respondents who said that the smell at Zara Home stores is not indifferent in **question 6**.

With this question it is intended to understand if clients prefer to go to a store with or without smell, considering both stores have the same product at the same price. Through the graphic observation it is possible to conclude that if the stores only differ in terms of smell, the clients prefer to go to the store with smell (Zara Home). This can be seen as a competitive advantage or as a differentiator factor when comparing to the competition.

Question 12 - Imagine that there is a store next to this, without smell, with the same product you want and cheaper. Which one would you prefer?

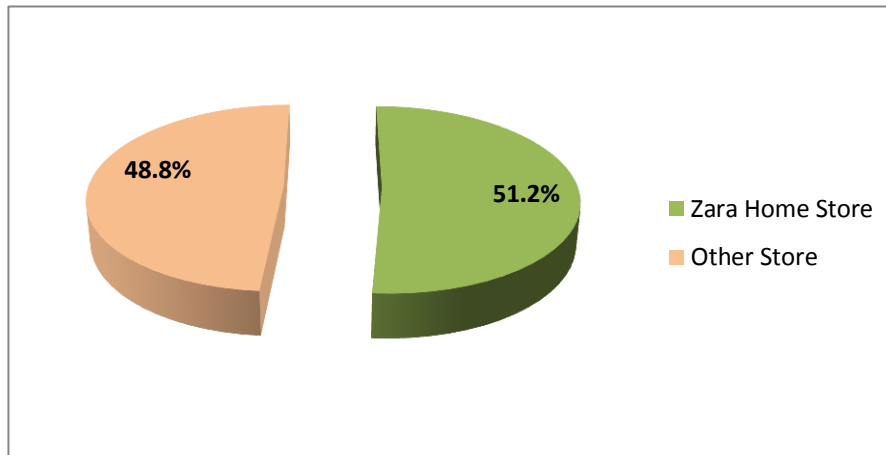


Graphic 11 – Question 12

This **question 12** refers to the **85.7%** of respondents who said that the smell at Zara Home stores is unpleasant/pleasant.

With this graphic 11 it is possible to conclude that for most of the respondents, the factor price is more valued than the factor smell, as 82% of the respondents would prefer to go to a store without smell, with the same product but cheaper.

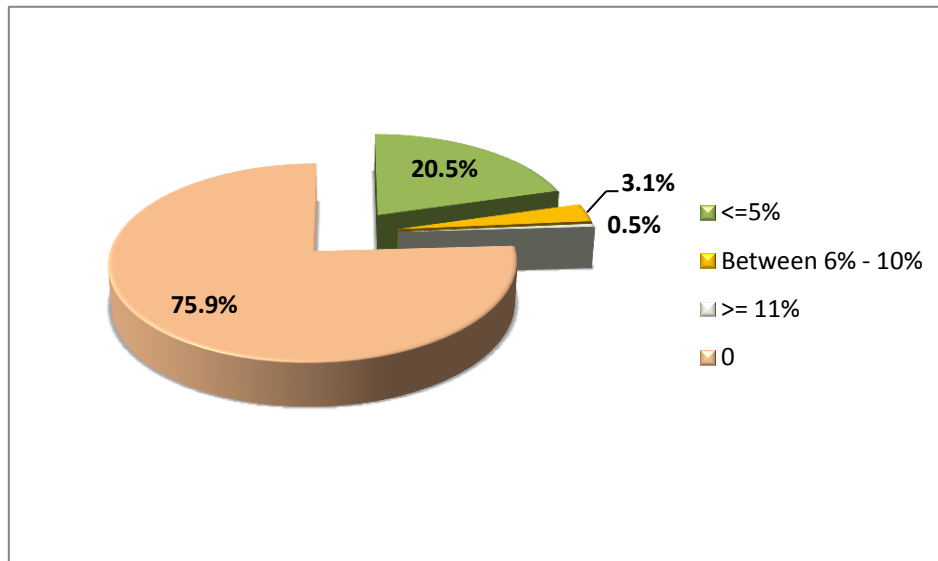
Question 13 – Now imagine that the same store next to this, have an unpleasant smell, have the same product but cheaper, which one would you prefer?



Graphic 12 – Question 13

After the analysis of **graphic 12** it is possible to state that the consumer, when facing an unpleasant smell, prefers to go to Zara Home and pay more for the product. The number of respondents who prefer to face an unpleasant smell and get a cheaper price is also relevant (**48.8%**). This last value can be influenced by the crisis that consumers face in our days.

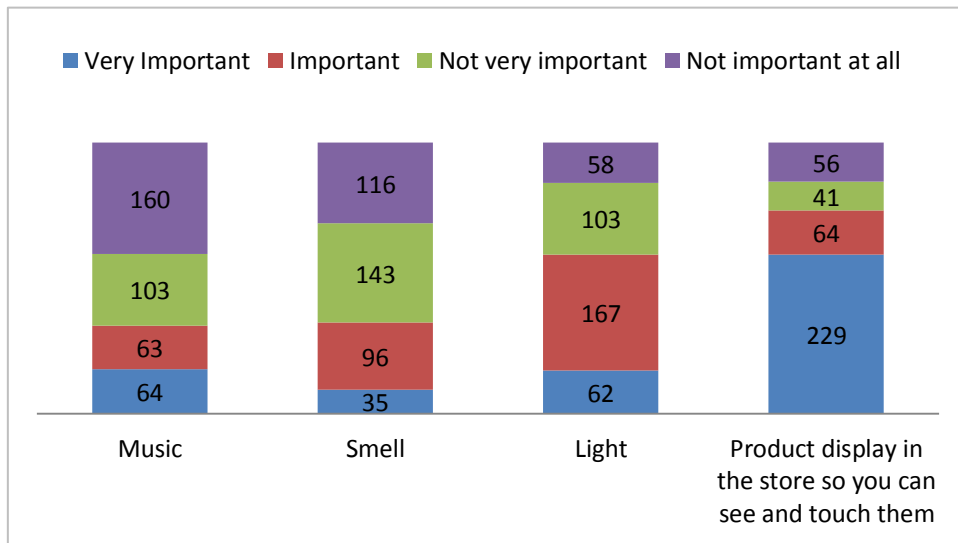
Question 14 - How much will you be willing to pay due to a pleasant smell in a store?



Graphic 13 – Increased value to pay due to the presence of a pleasant smell on the store (%)

Regarding this question, it is possible to state that more than a half of the respondents are not willing to pay more for the fact that the store has a smell that pleases them. From the sample collected, **76%** respondents said that they would not pay anything more due to a pleasant smell on the store and only **1%** respondents answered that they would pay 5% more comparing to the normal price.

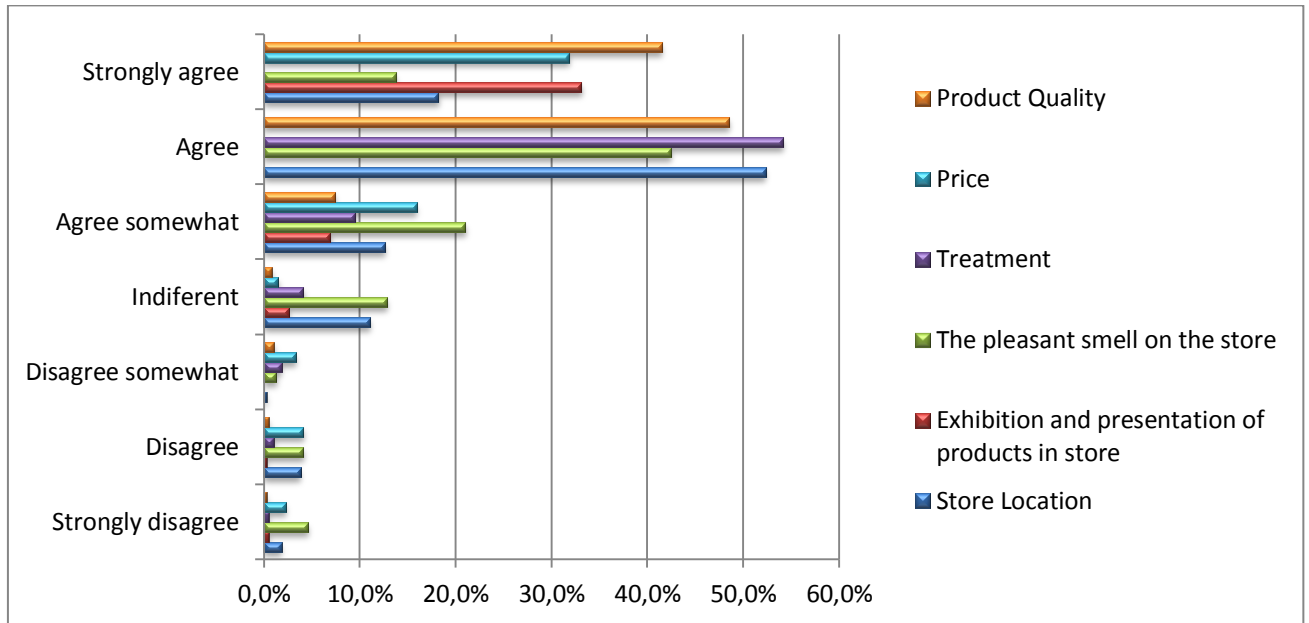
Question 15- On a 1 to 4 scale (1 – More important; 4 – Less Important), please order these factors according to the importance that they may have influencing your satisfaction level:



Graphic 14 - Factors that influence the consumers’ satisfaction level

With the **graphic 14** observation it is possible to give a certain value to each factor regarding the importance level for the consumer. According to the respondent’s answers, the most important factor influencing their satisfaction level is the “Product display in the stores so you can see and touch them” with 229 respondents saying that it is a very important factor and 64 saying that it is important. Other important factor is the light, with 62 respondents stating that it is very important for their satisfaction level and 167 saying that it is an important factor. In the last places it is possible to observe that smell is the third most important factor and the least important for the consumers’ satisfaction level is music.

Question 16 - What makes you leave the store (Zara Home) satisfied?



Graphic 15 - Influence of the store factors on clients’ satisfaction (%)

The main goal of this question is to understand which can be the influence of the mentioned factors regarding the satisfaction level of the respondents.

With the **graphic 15** observation it is possible to conclude that the most influent factor for the satisfaction level of the client is “Product Quality”, which can be distinguished by the higher number of positive answers comparing to the other factors. In more detail, the factor “Product Quality” presents around **97.4%** of positive answers (Agree Somewhat – 7.4%; Agree – 48.5% and Strongly Agree – 41.5%) and only **1.8%** of negative answers.

The second main influent factor on customers satisfaction level is “Exhibition and presentation of products in store”, with a total of positive answers very similar to the factor “Product Quality”, around **96.7%** (Agree Somewhat – 6.9%; Agree – 56.7% and Strongly Agree – 33.1%).

The factor “Treatment”, in spite of being less important, is also considered by the respondents as an important influent factor on their satisfaction level. This factor presents a total percentage of positive answers still high, with **92.6%** of the answers

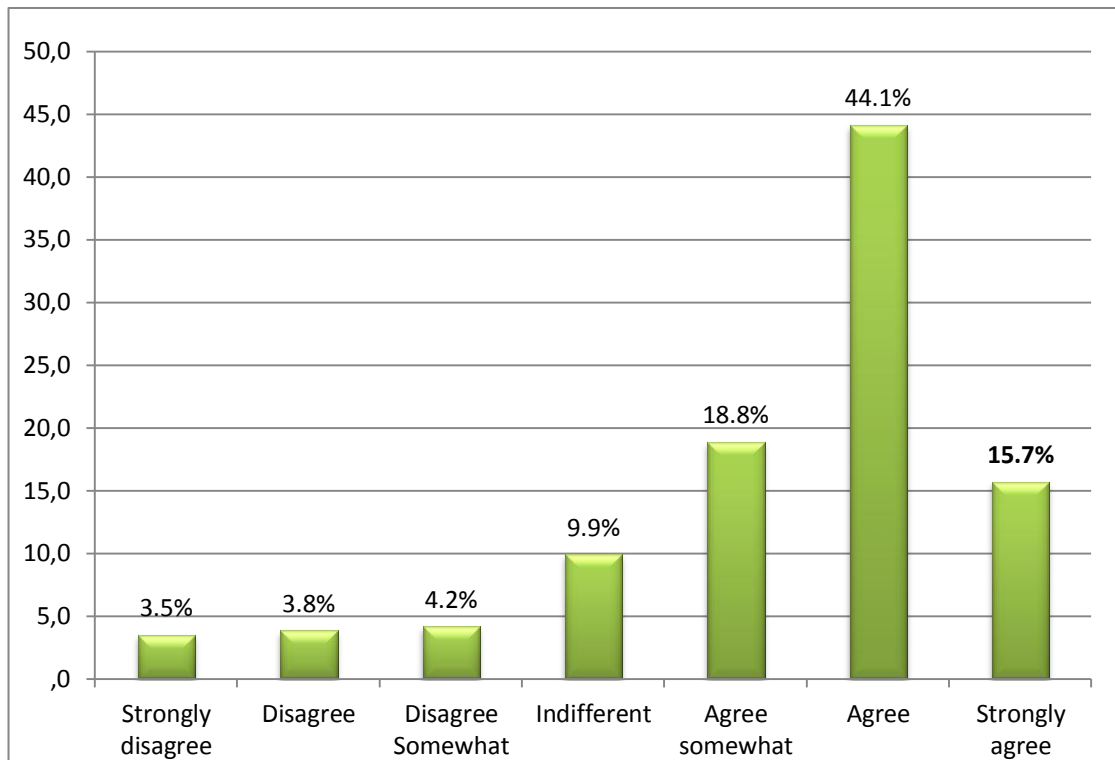
(Agree Somewhat – 9.5%; Agree – 54.1% and Strongly Agree – 29%) and only **3.3%** of negative answers.

Following these three factors, other important factors to consider are “Price” and “Store Location”, presenting a total of positive answers of **88.7%** (Agree somewhat – 15.9%; Agree – 41% and Strongly agree – 31.8%) and **83,1%** (Agree somewhat – 12.6%; Agree – 52.3% and Strongly Agree – 18.2%) respectively. Regarding these two factors, the highest values are situated on the “Agree” option with 41% and 52.3% of answers respectively.

Finally, regarding the most important factor for this study, the factor “The pleasant smell on the store” is the one with higher percentage of negative answers comparing and lower percentage of positive answers comparing to the other factors. Nevertheless, the smell is a very important factor for the respondents as it is possible to verify that, again, the answers state that this factor has a positive influence on the consumers’ satisfaction level, being the number of positive answers higher than the number of negative answers. In detail, **77.1%** of the respondents (Agree Somewhat – 21%; Agree – 42.3% and Strongly Agree – 13.8%) consider that the pleasant smell on the store is an important factor to influence their satisfaction level, and only 10% answered negatively.

In conclusion, even being the less important factor for the respondents comparing to the other variables that are present on a store, the smell still has its importance and influences the consumers’ level of satisfaction.

Question 17 - The smell transmitted by the store makes me feel better during the buying process.



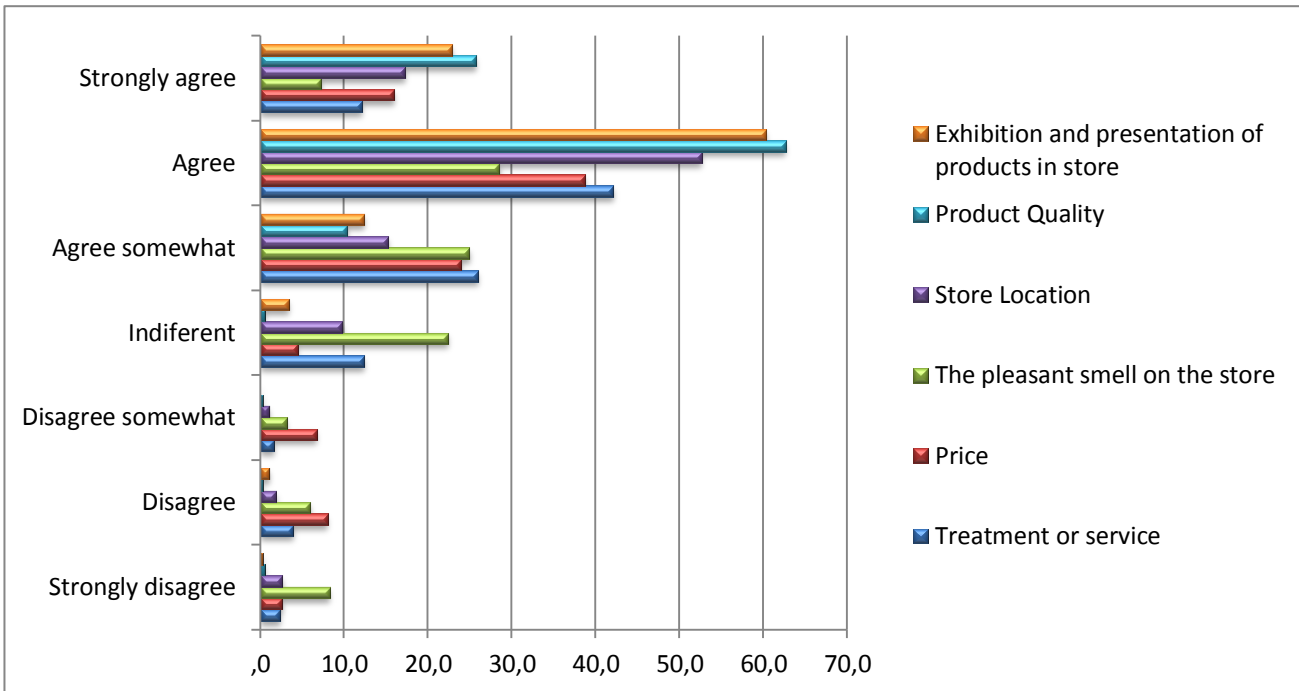
Graphic 16 - Smell influence on the welfare of the consumer (%)

This **question 17** refers to the **80.3%** of respondents who said that the smell at Zara Home stores is pleasant.

Through this graphic it is observable that most of the respondents agree that the pleasant smell transmitted by Zara Home makes their buying process more pleasant for them. In more detail, **79%** answers were positive with 18.8% respondents saying that they agree somewhat, 44% agree somewhat and 15.7% strongly agree that the smell influences the consumer welfare in the buying process. Only 12% respondents answered in a negative way and 10% respondents said that the smell is indifferent for their welfare in the buying process.

These answers prove that smell can be a good influence regarding the satisfaction level of the consumers.

Question 18 - What makes you return to this store (Zara Home)?



Graphic 17 - Factors that influence the consumers coming back to the store (%)

In this question, the objective is to understand which factors influence consumers to return to the store more often. Specifically, it is intended to understand the strength of the element smell regarding this question.

Once again, “Product Quality” is considered the most important factors by the respondents. The percentage of positive answers is **98.5%** (Agree Somewhat – 10.3%; Agree – 62.6% and Strongly Agree – 25.6%) comparing to around **1%** of negative answers.

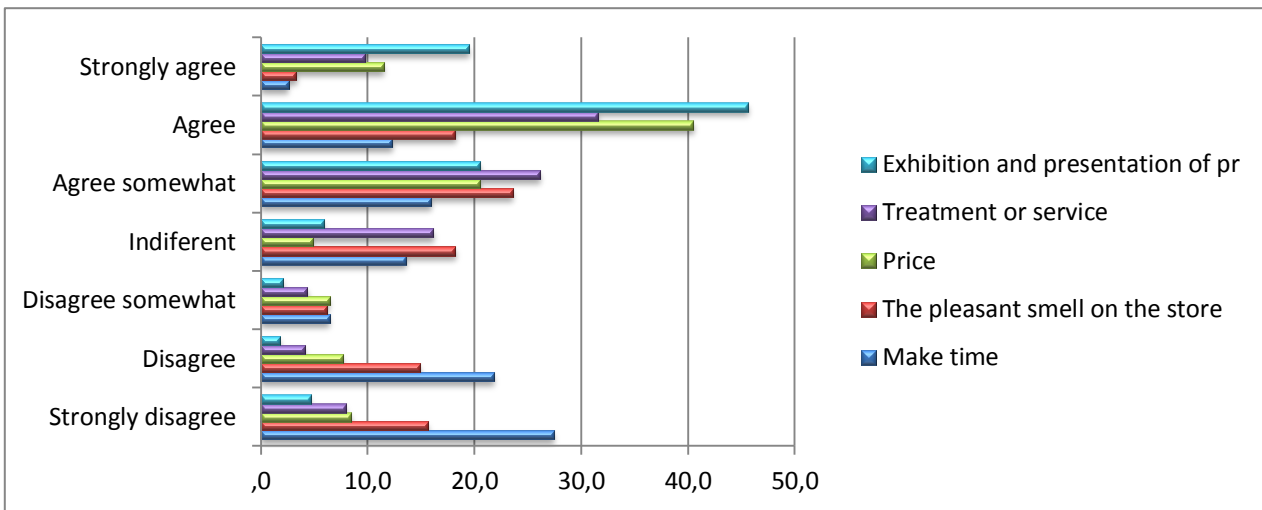
The second most important factor is, as well as in the questions 3 and 16, the factor “Exhibition and presentation of products in store”. Around **95.4%** of the respondents answered that they agree somewhat, agree or strongly agree regarding this question. With this, it is possible to say that the way products are exposed on the store and the products presentation is a factor which companies should take into account as it makes clients return to the store.

The “Store Location”, “Treatment” and “Price” are the other influencing factors, and are now presented in a decreasing order regarding their importance:

- ✓ **Store Location - 84.9%** (Agree somewhat -15.1%, Agree – 52.6% e Strongly agree -17.2%) of the respondents answered that store location is important for this question, while only **5.4%** answered negatively (Strongly Disagree -2.6%, Disagree – 1,8% e Disagree somewhat - 1,0%).
- ✓ **Treatment - 80.1%** (Agree somewhat -25.9%, Agree – 42.1% e Strongly agree -12.1%) of the individuals answered that “Treatment and service” have a positive influence on the decision of coming back to a specific store while **7.6%** (Strongly Disagree -2.3%, Disagree – 3.8% e Disagree somewhat -1.5%).
- ✓ **Price - 78,4%** (Agree somewhat -23.8%, Agree – 38.7% e Strongly agree - 15.9%) of the respondents said that price is important when facing the hypothesis of coming back to the store, while **17.2%** said that it is not important for them (Strongly Disagree -2.6%, Disagree – 7.9% e Disagree somewhat – 6.7%).

Finally, once again, smell is the less important factor according to the respondents. For **60.6%** of the respondents (Agree somewhat -24.9%, Agree – 28.5% e Strongly agree -7.2%) the fact that the store has a pleasant smell makes them return to repurchase, while only **17.2%** (Strongly Disagree -8.2%, Disagree – 5.9% e Disagree somewhat – 3.1%) do not agree with this statement. An important point to note is the fact that the option “Indifferent” on the factor “pleasant smell on the store” is the higher in comparison to the other factors “Indifferent” answers, with a percentage of **22.3%**. This can complement the last position given by the respondents to the element smell in comparison to the other factors, as from all the factors, smell is the one seen with more indifference by the consumers.

Question 19 - Which characteristics make you buy more products in this store (Zara Home) that you initially would not need?



Graphic 18 -Factors that influence the consumers to buy more products in a certain store (%)

The objective of this question is to detect the factors which influence the consumer to buy other products that he/she initially does not need. In other words, it is intended to understand what makes the customer share of a client increase. In a less indirect way, the intention is to perceive if smell has any kind of influence on this type of behaviour.

Regarding this case, the respondents state that the main factor in order to consume other products that they initially would not need is the “Exhibition and presentation of products in store”, with **85.6%** of positive answers (Agree Somewhat – 20.5%; Agree – 45.6% and Strongly agree – 19.5%) and only **8.5%** of negative answers (Strongly Disagree – 4.6%; Disagree – 1.8% and Disagree somewhat – 2.1%).

The “Price” is the second main factor which contributes to the purchase of other products that the consumers initially would not need. Around **72.6%** of the respondents consider the price as an influencer for this question (Agree Somewhat – 20.5%; Agree – 40,6% and Strongly agree – 11.5%).

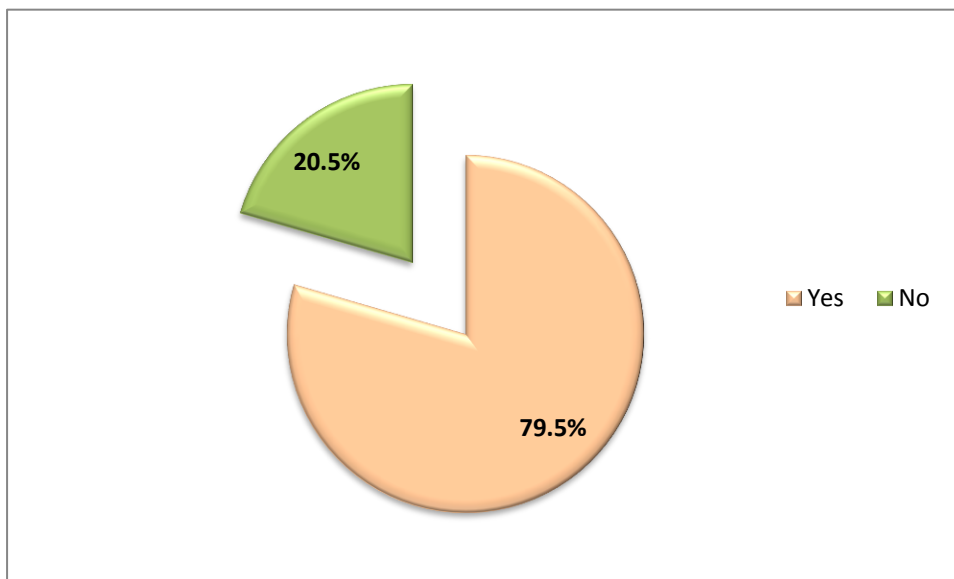
The third main factor is “Treatment” due to the **67.4%** of positive answers given by the respondents. In detail, 26.2% of the respondents agree somewhat, 31,5% agree and 9,7% strongly agree that “Treatment” can indeed have influence on the increase of

their customer share. Regarding the negative answers, **16.4%** of the respondents do not feel that Treatment can have any influence.

Finally once again, the factor “The pleasant smell on the store” is considered as the less influent regarding the increase of customer share, with a total percentage of positive answers of **45.1%** (Agree somewhat – 23.6%; Agree – 18.2% and Strongly Agree – 3,3%) and a total percentage of negative answers of **36.7%** (Strongly disagree – 15.6%; Disagree – 14.9% and Disagree somewhat – 6.2%).

Once again regarding the “Indifferent” option, the smell is the factor with higher percentage in comparison to the others, with **18.2%** of answers.

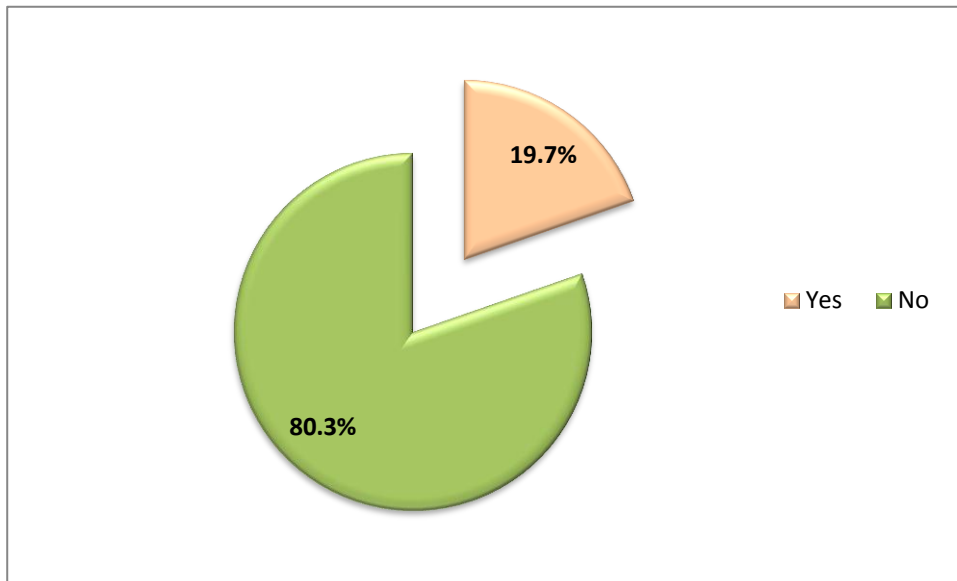
Question 20 - Have you ever recommended this store to your friends and/or family?



Graphic 19 – People who have already recommended the store to friends/family (%)

As it is possible to observe in the **graphic 19**, the great majority of the respondents (79.5%) have already recommended this store to friends and family. Only around 21% of the total sample has never recommended it.

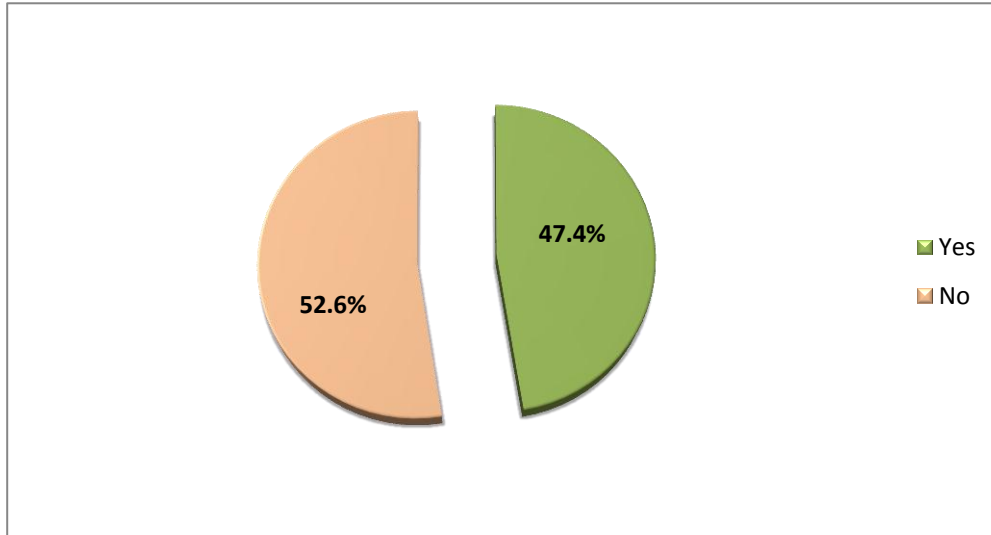
Question 21- Have you ever recommended this store (Zara Home) to anyone due to its specific smell?



Graphic 20 - Number of individuals who have already recommended Zara Home due to its smell (%)

From the **79.5%** of respondents who answered that they have already recommended this store to friends and family, only about 19.7% of them have already recommended it due to the smell used on the store. About 80.3% of those who already recommended the store have done it for other reasons than smell.

Question 22 – Have you ever comment the smell used by the store with friends and/or family?



Graphic 21- Number of individuals that have already commented the smell of Zara Home with friends/family (%)

With the **graphic 21** observation it is possible to conclude that the number of respondents who have already commented about the smell used by Zara Home with friends and/or family is very similar to the number of those who have never commented it. However, the percentage of respondents who have never commented the smell used by Zara Home is still higher than the percentage of those who have already commented it with their friends/family.

5.3 Principal components analysis

After being created the data base that was collected exclusively from the online survey and being made the descriptive analysis of the questions, it is interesting to use the Principal component analysis (PCA) in order to understand the relationships between the variables. According to Maroco (2003) the purpose of this type of analysis is to analyse the structure of a set of interrelated variables in order to build factors that in a certain way control the original variables. This method is only applied to a set of multi-items questions.

To start the Principal components analysis (PCA) it is important to take a look at the Keyser-Meyer-Olkin (KMO) measure to verify if the main components analysis is adequate or not (Pereira, 2004).

According to Maroco (2003), the KMO test must be interpreted as the **table 4** shows:

KMO	Principal component analysis (PCA)
1 – 0.90	Very good
0.80– 0.90	Good
0.70 – 0.80	Mean
0.60 – 0.70	Reasonable
0.50 – 0.60	Bad
<0.50	Unacceptable

Table 4 – Kaiser Meyer – Olkin test (Maroco , 2013)

According to the qualification of each KMO previously described and the obtained results related to the KMO of each question presented on the **table 5** it is possible to observe the questions which can be treated and analysed through the main component analysis.

Questions	KMO	Bartlet Test	Principal component analysis (PCA)
5	0.798	0.000	✓
6	0.753	0.000	✓
16	0.677	0.000	✓
18	0.740	0.000	✓
19	0.773	0.000	✓

Table 5 – Results KMO Test – SPSS – Annex 9.2

The obtained KMOs in a general way, as presented on *table 5*, show values classified as “reasonable” in order to proceed with the analysis.

Another test that indicates the quality of the data for this kind of analysis is the Bartlett test. As Maroco (2003) states, this test will indicate in the correlation matrix is an identity matrix or not. More specifically, it will verify if the variables are correlated between each other or not.

As it can be verified on the **table 5**, all the questions present a significance level of 0.000 ($p\text{-value} < 0.0001$) for this test. In other words this means that for all the questions where the main component analysis will be applied the hypothesis that the correlations matrix is an identity matrix is denied, being possible to state that there is a significant correlation between the variables. Note, however, that these values are merely indicative since the sample is non-probabilistic.

After the analysis of the data adequacy it is possible to proceed to the principal components extraction and the determination of the necessary components in order to adequately represent the initial data. By extracting the components it is pretended to understand in a direct way, in which position is the factor smell relating to the other variables as well as understand the relation that this factor has with the others variables.

For the factors extraction is used the criteria of including the sufficient number of components to explain 70% of the variance, in spite of divergences about the value of this threshold (Pereira, 2004). Additional analyses are conducted trying to extract the

factors that enable to isolate smell on a unique component and understand which is its position comparing to the other variables.

The method applied to interpret the factors is Varimax. According to Maroco (2003), this method objective is to obtain a factorial structure in which one and only one of the original variables is strongly associated with a unique factor, and weakly associated to the other factors, making its interpretation easier.

The analysis is started with the **question 5** where it is pretended to understand which variables make the client buy products of other categories that he/she did not state in the question 2. The corresponding results are presented in the following table.

The results taken from the SPSS relating to this question are presented in the following table.

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2,777	55,536	55,536	1,637	32,746	32,746
2	,745	14,901	70,437	1,024	20,483	53,229
3	,617	12,349	82,786	1,010	20,207	73,436
4	,539	10,777	93,562	1,006	20,126	93,562
5	,322	6,438	100,000			

Extraction Method: Principal Component Analysis.

Table 6 – Proportion of explained variance in PCA (Question 5)

Through the observation of this table it is possible to conclude that with the extraction of 2 factors, the components explain around 70% of the total variance, being this the limit accepted by the extraction method chosen.

	1st Component	2nd Component
% of Variance	44.5%	25.8%
EXTERNAL FACTORS		
Satisfaction due to the quality of the previously bought Treatment or service	0.766	
The pleasant smell on the store	0.792	
Friends or family recommendation	0.568	
	0.817	
INTERNAL FACTORS		
Brand Loyalty		0.947

^a Extraction Method: Principal Component Analysis (SPSS)

Table 7 – PCA Solution with 2 factors (Question 5) – loadings for rotated components and % of variance explained.

Through the loadings in **table 7**, it can be verified which of the variables are more related with each of the 2 extracted components. As it can be observed, only the “Brand Loyalty” variable isolates itself from the others in the 2nd component while the other variables are more correlated with the 1st component.

In the same table is presented the designation of the dimensions that group the variables of **question 5**. The first dimension was named “External Factor” once it is composed by factors that are external to the consumer. In other words the satisfaction with the product quality, treatment and service, satisfaction relating to the smell and the friends and family recommendation are factors that do not depend on the consumer. The “Brand Loyalty” variable is considered as Internal Factor because although indirectly depending on external factors, it depends directly on the consumer. In more detail, “Brand Loyalty” is a behaviour that starts on the consumer and not on the store as the other variables do. The “Brand Loyalty” variable is included in the group of internal factors in an isolated way presenting a loading of 0.947, which can be observed according to the “Rotated Component Matrix” (**table 7**).

In order to understand in which position the element smell is in relation to the other variables, more factors were extracted with the objective of isolating smell in a component.

Rotated Component Matrix^a

	Component			
	1	2	3	4
Brand Loyalty satisfaction due to the quality of the previously bought Treatment or service	,840	,958		
The pleasant smell on the store				,933
Friend’s or family recommendation			,938	

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Table 8 - Rotated Component Matrix – Solution with 4 factors (Question 5)

As it can be observed the Rotated component matrix in **table 8**, the smell isolates itself from the other variables in the last component when extracting 4 factors. According to the **table 8**, by extracting this number of factors, the fourth component (rotated) correlated with the smell explains around 20% of the total variation of the variables considered as influencers regarding the clients’ decision in increase the range of products on store. For the consumer despite the smell be the less important variable, both “Friend’s or family recommendation ” and "Brand loyalty" have a similar importance on this type of decision.

Regarding to the **question 6**, it is intended to understand the reaction/perception that the clients have when facing the variable smell at Zara Home. The PCA results obtained are the following:

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2,308	38,470	38,470	1,580	26,335	26,335
2	,931	15,522	53,992	1,414	23,564	49,899
3	,818	13,640	67,632	1,064	17,732	67,632
4	,774	12,908	80,540			
5	,654	10,901	91,440			
6	,514	8,560	100,000			

Extraction Method: Principal Component Analysis.

Table 9 - Proportion of explained variance in PCA (Question 6)

As it is possible to observe, using the same method previously described in the question 5, to have a total explained variance close to 70%, the number of factors extracted is 3 factors.

The results obtained for this extraction are the following:

	1st Component	2nd Component	3rd Component
% of Variance	26.3%	23.5%	18.7%
Affects the emotional state			
Feel nostalgic	0.650		
Question myself about the purpose of this smell	0.722		
Affects my emotional state	0.684		
Interpretation of smell			
Try to understand what type of smell is		0.914	
Try to define the type of store through the smell		0.642	
Smell Indifference			
I stay indifferent			0.935

^a Extraction Method: Principal Component Analysis (SPSS)

Table 10 – PCA Solution with 3 factors (Question 6) – loadings for rotated components and % of variance explained.

According to the **Rotated Component Matrix (table 10)**, the most correlated variables with the 1st component are “Feel Nostalgic”, “Question myself about the purpose of this smell” and “Affects my emotional state”. The variables that are more correlated with the 2nd component are “Try to understand what type of smell is” and “Try to define the type of store through the smell”. Finally, the variable “I stay

indifferent” is alone as the 3rd component. Therefore the components are named in the same table.

Regarding this question it is possible to group the variables in 3 types of behaviour that consumers have when facing the smell in the store. The first dimension is named as “Affects the emotional state” once it groups a set of behaviours that have a strong connection to the consumer’s emotional. The second dimension named “Interpretation of the smell” is characterized by the behaviours that the consumers have in order to understand the type of smell that is present on the store and its meaning. Finally, the 3rd dimension named “Smell indifference” groups the consumers that stay indifferent when facing the smell. This variable is separated from the others in the 3rd component presenting a loading of 0.935.

Regarding **question 16**, it is intended to understand which factors influence the satisfaction level of the Zara Home clients. In more detail, the purpose of the question is to understand again in which position the factor smell is in relation to other variables regarding the clients’ satisfaction.

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2,347	39,114	39,114	1,969	32,812	32,812
2	1,165	19,420	58,534	1,427	23,778	56,589
3	,898	14,972	73,505	1,015	16,916	73,505
4	,662	11,034	84,540			
5	,508	8,470	93,010			
6	,419	6,990	100,000			

Extraction Method: Principal Component Analysis.

Table 11 - Proportion of explained variance in PCA (Question 16)

In this case, as well as the previous question, the number of factors extracted is 3, once with this number of factors it is possible to explain around 73% of the total variance.

After the extraction, the results obtained are the following according to SPSS:

“The influence of Olfactory Marketing on clients’ loyalty”

	1st Component	2nd Component	3rd Component
% of Variance	32.8%	23.7%	16.9%
Product/Service characteristics			
Treatment/Service	0.805		
Price	0.788		
Product Quality	0.767		
Visual and Convenience Factors			
Store Location		0.866	
Exhibition and presentation of products in store		0.779	
Olfactory Factor			
The pleasant smell on the store			0.974

^a Extraction Method: Principal Component Analysis (SPSS)

Table 12 - PCA Solution with 3 factors (Question 16) – loadings for rotated components and % of variance explained.

Regarding the Rotated Component Matrix in **table 12**, it is possible to observe that the variables “Treatment”, “Price” and “Product Quality” are more correlated with the 1st component. The 2nd component is mainly composed by the variables “Store Location” and “Exhibition and presentation of products in store”. Finally, the variable “The pleasant smell on the store” is alone in the 3rd component.

After this analysis the variables are grouped as the same table. The first dimension regards to the product and service characteristics as it encloses variables such as Treatment/service, price and product quality. The second dimension was named as “Visual and Convenience Factors” once it encloses variables that are correlated to the presentation and location of the store. Finally, the third dimension is named “Olfactory Factor” once it only encloses the variable “The pleasant smell on the store”.

The smell is isolated on the 3rd component with a loading of 0,974 leading to the conclusion that for the consumer satisfaction level, the smell even being relevant is the less important. According to the **table 11**, the rotated factor correlated with smell explains around 17% of the total variation of the variables considered as influencers to the satisfaction. For the consumer the “Product and Service” characteristics as well as “Visual and Convenience” are the most important factors to make them leave the store satisfied.

The **question 18** aims to analyse the factors that make the customer return to the store more frequently.

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
2	,997	16,623	59,700	1,396	23,264	47,724
3	,781	13,024	72,725	1,135	18,910	66,633
4	,659	10,985	83,709	1,025	17,076	83,709
5	,565	9,410	93,120			
6	,413	6,880	100,000			

Extraction Method: Principal Component Analysis.

Table 13 - Proportion of explained variance in PCA (Question 18)

After the analysis of the previous table it is possible to understand that with the extraction of 3 factors around 72% of the total variance can be explained, which leads to a good data representativeness.

	1st Component	2nd Component	3rd Component
% of Variance	28.8%	24.1%	19.8%
No defined			
Treatment or service	0.840		
Price	0.788		
The pleasant smell on the store	0.584		
Product quality and visual factors			
Product Quality		0.843	
Exhibition and presentation of products in store		0.766	
Location			
Store Location			0.879

^a Extraction Method: Principal Component Analysis (SPSS)

Table 14 - PCA Solution with 3 factors (Question 18) – loadings for rotated components and % of variance explained.

After the extraction of 3 factors, analysing the Rotated Component Matrix (**table 14**) it is observable that the variables “Treatment or service”, “Price” and “The pleasant smell on the store” are more correlated with the 1st component . Regarding the second component, the variables “Product quality” and “Exhibition and presentation of

products in store” are the ones that are more correlated. The variable “Store location” is alone in the third component.

After Varimax matrix analysis, in the same table the questions are presented into dimensions. In spite of being created 2nd dimensions (2nd and 3rd), the variables that are more correlated with the 1st component (that creates the 1st dimension) are difficult to represent in a unique dimension once they are variables which are difficult to be linked into a single one. This means that it is difficult to create a name to represent these 3 variables: “Treatment”, “Price” and “The pleasant smell on the store”.

Due to this situation, the option taken was to extract another factor in order to isolate more variables.

Rotated Component Matrix^a

	Component			
	1	2	3	4
Treatment or service		,685		
Price		,923		
The pleasant smell on the store			,930	
Store Location				,940
Product Quality	,852			
Exhibition and presentation of products in store	,779			

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Table 15 - Rotated Component Matrix – Solution with 4 factors (Question 18)

As it is possible to observe, after the extraction of another factor, the variable “The pleasant smell on the store” isolates itself from the others in the 3rd component with a loading of 0.930. This 3rd factor (rotated) correlated with the smell on the store explains around 18% of the total variation of the variables considered as influencers to the repurchasing act by the consumer. This factor has a very similar relevance relating to the relevance given to “Store Location”. With this number of factors it is once again difficult to group the variables once the variable “Treatment” and “Price” are two variables that do not have a logic connection.

The last question to analyse through this statistic method is **question 19**. In this question the main focus is to understand which main factors lead the consumer to buy products that he/she initially does not need.

The following table shows the explained variance of each component when extracting a total of components equal to the number of variables:

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2,616	52,314	52,314	1,973	39,458	39,458
2	,927	18,548	70,862	1,129	22,577	62,035
3	,589	11,779	82,641	1,030	20,607	82,641
4	,535	10,702	93,344			
5	,333	6,656	100,000			

Extraction Method: Principal Component Analysis.

Table 16 - Proportion of explained variance in PCA (Question 19)

In this specific case the number of extracted factors is 2 once with this number of components it is possible to explain around 70% of the total variance.

Rotated Component Matrix^a

	Component	
	1	2
Make time		,956
The pleasant smell on the store	,576	
Price	,805	
Treatment or service	,852	
Exhibition and presentation of products in store	,797	

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

Table 17 - Rotated Component Matrix – Solution with 2 factors (Question 19)

According to the Rotated Component Matrix (**table 17**), by extracting two factors the results do not help to isolate the variables with the exception of the “Make

time” variable because all the other variables are more correlated with the 1st component. To clarify the interpretation of the analysis, a third factor is extracted to verify if any other factor can be isolated.

Rotated Component Matrix ^a			
	1st Component	2nd Component	3rd Component
% of Variance	39.4%	22.5%	20,60%
Product/Service Characteristics			
Price	0.674		
Treatment or service	0.831		
Exhibition and presentation of products in store	0.870		
Olfactory Factor			
The pleasant smell on the store		0.909	
External Factors			
Make time			0.967

^a Extraction Method: Principal Component Analysis (SPSS)

Table 18 – Rotated Component Matrix – Solution with 3 factors (Question 19)

As it can be verified, by extracting another factor, according to the Rotated Varimax Matrix (**table 18**), in addition to the variable “Make time”, also the variable “The pleasant smell on the store” can be isolated from the other variables in the component 2 with a loading of 0.909. In conclusion, the variables that are more correlated with the 1st component are: “Price”, “Treatment or Service” and “Exhibition and presentation of products in store”. The other variables “The pleasant smell on the store” and “Make time” are isolated in the 2nd component and 3rd component respectively.

After verifying which variables are more correlated with the 3 extracted components, 3 dimensions were created.

By analysing the **table 18** it is possible to state that the variables that are more correlated with the first component regard the characteristics related with the product itself and the service provided to the clients. Due to this, the name given to this group of variables is “Product/Service characteristics”. Regarding the second dimension it includes only the variable “The pleasant smell on the store” being this dimension named “Olfactory Factor”.

The last dimension is described as “External Factors” once it incorporates the variable “Make time”, being a variable considered as an external factor to the store characteristics.

As it was already mentioned, with the extraction of 3 factors, the variable smell is isolated on the 2nd component. Due to this, it is possible to say that this 2nd component (rotated) correlated with the element smell explains about 22% of the total variation of the variables considered as influencers to the clients' decision to buy products that he/she initially does not needed. This leads to believe that even having its importance, the smell is not as relevant as the other variables.

Chapter 6 - Hypothesis conclusion

After the analysis of the results at a descriptive level and also through the Principal components it is now important to make the empiric analysis of the hypothesis created in this dissertation. The analysis is based on the results previously analysed and obtained from the collected sample.

The first hypothesis respects to the influence of smell element in the consumers perception. As it was said before in the chapter 3, with this hypothesis it is intended to understand how the Zara Home consumers see and interpret the smell in the stores of this chain.

H1 – The Olfactory Marketing is an influent factor on the consumers’ perception.

The question that will support this hypothesis is the **question 6** where in the possible answers presented are referred many types of possible behaviour that the consumer can have when facing the smell. The method used for the study of this question is the Principal component analysis.

As verified on the chapter 5, according to the PCA in this question, the smell is a factor that affects the consumer, or at least makes the consumer spend more time thinking and questioning himself about the smell. In other words, after the factors extraction through this statistic method, it is possible to conclude that the smell used on the store, most of the times affects the emotional state of the consumers and also makes the consumer spend time trying to interpret the smell.

What confirms this type of consumer reaction/behaviour is the fact that according to PCA, the rotated factor “Indifferent” is from all the mentioned factors the one that is presented as the least relevant.

With this, it is possible to state that the Olfactory Marketing is an influent factor on the consumers’ perception, once most of the respondents do not stay indifferent to the smell.

Initiating the study of the 2nd hypothesis:

H2 – The Olfactory Marketing is an influent factor on the clients’ decision of buying products from other categories that they initially do not have in consideration.

The question that supports this hypothesis is the **question 5**, being once again analysed through the PCA statistic method. As it was studied for this question on the previous chapter, after the extraction of two factors it is possible to group the set of answers in two groups: External and Internal Factors.

For the consumer, the external factors (Satisfaction due to the quality of the previously bought; Treatment or service; The pleasant smell on the store; Friends or family recommendation) have a more significant weight in the consumers decision when he/she thinks about buying products of other categories that they initially would not buy, when comparing to the internal factors (brand loyalty).

The smell element is part of the external factors and for a more detailed analysis more factors were extracted to understand the position of smell in relating to the other variables. After this analysis it was possible to verify that the smell is isolated in the last factor. In other words it is possible to say that the factor “smell” when rotated, from all the mentioned factors in this question, the less relevant for this decision. Although less relevant for the consumer, the percentage of explained variance is very similar to the variables “Brand Loyalty” and “Friends or family recommendation”. After the analysis, the elements that can have a bigger influence in this question are the fact that of the client being satisfied with the product previously purchased and also the treatment/service provided in the store.

In a nutshell, despite these two factors previously mentioned as being the most important variables for the consumer, the smell also has its importance. With this, it is possible to conclude that the smell presented on the store by itself may not influence the client to buy other product categories, but when used with a set of other variables like “Treatment/Service”, it can have an interesting impact.

On the 3rd hypothesis, the objective is to understand if the Olfactory Marketing can have any influence on the communication that the consumers make about the store to their set of contacts.

H3 – The Olfactory Marketing is an influent factor on the clients’ Word of Mouth.

To study these hypotheses, the questions taken into account are questions number **20**, **21** and **22**.

Regarding the **question 20** where the question intends to understand if the respondents have ever recommended this store to friends and/or family, the conclusion obtained state that more than a half of the clients already have recommended the store.

After verifying that most of the respondents have already recommended the store, it is important to understand from the ones that have already recommended, which of them recommended the store due to the smell used by Zara Home (**question 21**). According to the descriptive analysis previously made, the conclusion arrived state that only a small percentage of respondents (**around 19.7%**) recommended the store due to the smell used there. This leads to conclude that most of the clients that recommend the store make it for other reasons than the factor smell.

To have a more detailed analysis, the respondents were questioned if they have already commented the smell used by the store (**question 22**). In other words, comparing to the previous question, this one intend to understand if the smell that Zara Home uses was already commented between the consumer and their friends, and not being mentioned as a factor of recommendation to friends/family at the same time. After the descriptive analysis it is possible to conclude that half of the sample has already commented and the other half did not made it.

In a brief conclusion of these three questions, it is possible to state that the Zara Home store was already recommended by most of the clients by other factors than smell. Although not recommended through its smell, this is a theme that was already talked between the respondents and their contacts. This leads to state that once again the smell has its importance by being mentioned in a conversation as it can lead to the curiosity and attention of people who are listening to it.

As a main conclusion for this hypothesis, it is now possible to conclude that the Olfactory Marketing is an influent factor in the clients’ Word of Mouth.

On the 4th hypothesis the objective is to understand which the correlation between Olfactory Marketing and customer share is. In other words, it is intended to test if Olfactory Marketing can have any influence on the total expenditures of a client.

H4 – The Olfactory Marketing is an influent factor in the clients’ total expenditure (Customer Share).

To support this hypothesis the **question 19** was created and indicates a set of factors/variables that can lead a client to spend more or not. This question was analysed not only at a descriptive level but also through the Principal components analysis.

As it was possible to verify on both analysis, the dimension “Product/Service Characteristics” (named in the PCA) that encloses **Price, Treatment and The way that the products are exposed on the store** are the variables that the consumer consider as the most important to influence their total expenditures on the store. Through the result of the PCA, it is possible to observe that from all the factors, as it was mentioned, the smell, with exception of the variable “Make Time” is the one that is presented as the less relevant.

It is now possible to state that Olfactory Marketing is an influent factor on the clients’ total expenditures, even though when used on an isolated way it may not have the expected results. In other words, the group of variables that encloses the dimension 1 (Price, Treatment and Exhibition and presentation of products in store) are more important for the consumer.

In a nutshell, the smell must be once again used as a complementary variable to the other variables.

Starting with the analysis of the 5th hypothesis, it is intended to analyse the power of influence that the Olfactory Marketing can have on the customers repurchasing act. This hypothesis may be confused with the previous question. While the previous one respects to the clients total expenditures on the store, this question intends to study the clients’ act of repurchasing despite of the total expenditures. This is,

in this hypothesis the volume of expenditures of the client is irrelevant, what matter is the fact that clients returns to the store.

H5 – The Olfactory Marketing can influence the customers to repurchase.

The questions that support the conclusions to this hypothesis are the questions **9**, **10**, **11** and **18**.

Regarding **question 9**, it is intended to understand if the respondents would return to the store if the smell was unpleasant. The conclusion obtained according to the descriptive analysis is that more than 50% of the sample would not return to the store if the smell was unpleasant.

On the **question 10** the objective is to understand if the respondents who state that the Zara Home smell was unpleasant would come again to the store. Despite the small number of respondents who answered that the smell was unpleasant, more than 50% of them say that they would come back to the store. This leads to believe that there may be other factors/elements that the client considers to be more important in comparison to the smell. As it was said on the descriptive analysis, these values are a quite limitative since the percentage of people who answered that the smell is unpleasant is very low.

On the **question 11** the main focus was to understand the clients’ behaviour when comparing Zara Home to an imaginary store next to Zara Home, with the same conditions except the element smell, which does not exist on this imaginary store next to Zara Home. The conclusions were satisfactory once the clients when facing similar conditions on both stores prefer to go to the store that have smell comparing to the imaginary store that does not have smell. This leads to believe that the smell may be considered as a competitive advantage or considered as a differentiating factor relating to the competitors.

Finally, regarding **question 18** that was previously analysed through the PCA, it is possible to conclude that the rotated factor correlated with the smell explains 18% of the total variance of the variables considered as influencers of the clients repurchasing act.

In conclusion, it is possible to say that not having a smell or having a pleasant smell is fundamental for clients to return to the store. As it was observed, if clients do not like

the smell, they probably will not come back to the store. In current situations where competition is stronger every day, a pleasant smell may lead the customer to prefer going to that store than go to a store with the same conditions but without smell. Although, smell is an important factor to the consumer as it was verified, there are other elements that when wrongly applied may lead the customers to not come back to the store, such as: Product Quality; Exhibition and presentation of products in store, Price and Treatment or Service.

It is now possible to conclude that smell by itself like the previous hypothesis, may not have a direct influence on the repurchasing act of clients, but when applied together with other important variables, may influence the repurchasing act.

As a main conclusion, it is possible to state that Olfactory Marketing can influence clients repurchasing act.

Regarding the 6th hypothesis, the objective is to understand if the introduction of smell in the store atmosphere can make the client does not mind paying more for the products.

H6 – Olfactory Marketing can make clients not to mind paying more for a product.

The questions that support the analysis of this question are: **8,12,13,14.**

On the **question 8** the objective is to understand if the fact of having a smell that the consumer considers as pleasant on the store can make the client pay more for a product. After the descriptive analysis to this question, it is possible to conclude that more than 50% of the respondents reject the possibility of paying more for a product due to the simple fact of the presence of a pleasant smell in the store.

Regarding the **question 12**, it is intended to understand if the clients prefer to go to a store with smell and pay more for a product or if they prefer to go to a store without smell, with the same product but cheaper. With this, the conclusion aroused is that the factor price is more important than the smell. In other words, the majority of the respondents prefer to go to a store without smell but cheaper than going to a store with smell and with the more expensive product.

On **question 13**, analysis tries to understand if consumers prefer to go to a store with an unpleasant smell but with the cheaper product in comparison to a store with a

pleasant smell but a more expensive product. The conclusion obtained is that clients prefer to pay more in a store with a pleasant smell than going to a store where smell does not please them, even with the cheaper product.

Finally, regarding **question 14** it is intended to perceive how much more (in percentage) would the consumer be willing to pay for a product due to the presence of a smell that pleases the consumer on the store. After the descriptive analysis to this question, most of the respondents would not be willing to pay anything more due to the store having a smell that pleases him/her.

In a nutshell, it is possible to conclude once again that the smell by itself, even being pleasant for the consumer, is not sufficiently strong to make the client be willing to pay more for a product. But, reinforcing what has already been said on the previous hypothesis, an unpleasant smell, even with a lower price, is a decisive factor on the consumers’ decisions because they try to avoid the unpleasant smell.

It is now possible to state that the Olfactory Marketing has influence on the consumers’ willingness to pay more or not for a product but not in an isolated way.

Finally, the 7th hypothesis tries to understand if smell is a sufficiently strong tool to influence the clients’ level of satisfaction.

H7 – The Olfactory Marketing is an influent factor on the clients’ level of satisfaction.

The questions analysed for this hypothesis are: **15, 16, and 17.**

Regarding **question 15**, the intention with this question is that the consumer order the sensorial elements according to the importance (higher to lower) that affect more or less his/her level of satisfaction. The conclusion according to the ranking made on the descriptive analysis is that the smell is not ranked as the stronger element. Even not being the most important factor for the consumer when asked about satisfaction level, it is interesting to refer that smell is not considered to be the less important, as the last place was given to the element Music.

On **question 16**, the respondents had to answer which are the variables that have higher influence on their satisfaction level after leaving the store. With this, through the PCA it is possible to conclude that the Price, Product Quality and Treatment are the factors that

have higher influence to allow the customer to go out of the store satisfied. In result of this analysis it is possible to observe that the rotated factor correlated with the variable smell explains 16% of the total variance of the variables considered as influencers of satisfaction. In conclusion, from all the mentioned factors, smell is the less relevant.

Regarding **question 17**, it is possible to conclude, according to the descriptive analysis, that more than 50% of the answers given by the respondents show that smell used in Zara Home makes them feel better on their buying process.

With this, it is possible to state that the Olfactory Marketing influences the consumers’ satisfaction level.

Chapter 7 - Conclusion

In this last chapter of the dissertation, after the analysis of the themes related to Olfactory Marketing, after the elaboration of the conceptual model that supports and explains the hypotheses created, the methodology applied already described as well as the results, it makes all sense to write the main conclusions aroused and answer the main question of this dissertation.

7.1 Main Conclusions

As it was said before, the main objective of this study is to understand if Olfactory Marketing has any kind of influence on clients’ loyalty.

By initiating this dissertation with a theoretical explanation of the theme through the literature review, it was possible to obtain a global vision of what has already been studied about this theme as well as the underlying concepts like consumer behaviour, atmosphere, sensorial marketing, five senses, customer loyalty, client satisfaction, and others.

After this past studies approach, a conceptual model was created based on the studies of authors mentioned in the literature chapter, helping to analyse the main question of this dissertation. This model is composed by three main groups of variables (Olfactory Marketing, Consumer reaction and Consumer behaviour. With the development of this model it was possible to create the hypothesis to be studied, which are based on characteristics/behaviours which according to some authors already referred on the literature chapter can lead to customer loyalty.

After these two important steps, a survey was made to a sample of 390 individuals of both sexes in order to test the hypothesis established. More specifically, the main objective of this survey is to understand if Olfactory Marketing has any influence on consumer perception, on consumer decision when buying products of other categories that he/she initially would not buy, on the WOM, on the customer share, on the repurchasing act, willingness to pay and finally if it has any influence on clients’ satisfaction level.

This survey is applied to the Zara Home store chain, being one of the very few stores in Portugal who uses this type of Marketing. Other reason to choose this store is due to the high geographical amplitude, being able to reach more people.

According to the results of the descriptive analysis and the principal component analysis based on the survey sample, the conclusions obtained are:

HYPOTHESIS	
<i>The Olfactory Marketing is an influent factor on the consumers’ perception.</i>	✓
<i>The Olfactory Marketing is an influent factor on the clients’ decision of buying products from other categories that they initially do not have in consideration.</i>	✓
<i>The Olfactory Marketing is an influent factor on the clients’ Word of Mouth.</i>	✓
<i>The Olfactory Marketing is an influent factor in the clients’ total expenditure (Customer Share).</i>	✓
<i>The Olfactory Marketing can influence the customers to repurchase.</i>	✓
<i>Olfactory Marketing can make clients not to mind paying more for a product.</i>	✓
<i>The Olfactory Marketing is an influent factor on the clients’ level of satisfaction.</i>	✓

In a more detailed way, the first conclusion is that consumers who go or have already gone to Zara Home do not stay indifferent to smell, and the majority of them assume that smell affects their emotional state. These positive influences of the element smell to the majority of the respondents will lead to a credible understanding about the type of behaviour the consumer has when facing smell on the store.

The second conclusion regards to clients decision of buying other products from other categories that they initially would not consider to buy. According to the results, it is important to give a good level of treatment/service to clients as well as guarantee that client stays satisfied with the product/service bought in order to lead them to consider buying products from other categories. The component smell is also important, although with less importance for this question. More specifically, the smell by itself may not influence this consumer decision, but when used with the other variables can influence on the decision of buying other categories of products.

Other characteristic which lead the consumers to be loyal is the WOM about the store he shares with their friends and/or family. In this case, smell is important and

influences this variable. According to the results obtained, smell is not considered to be a recommendation factor of Zara Home store. However, many respondents (around 80%) say they have already commented the smell used by Zara Home to his friends and/or family. This means that although the store is recommended through other factors than smell, this last is part of the consumer conversations, which makes it an important factor. This may be good as the group of the consumer friends/family can show interest or curiosity about the smell used and consequently visit the store.

Regarding the clients’ total expenditure on the Zara Home stores, the conclusion is that variables like Price, Treatment and the way that the products are exposed on the store, are considered to be the most important variables to spend more on the store. The smell, as shown in other conclusions mentioned does not have by itself a lot of influence to this question once it is considered the less influent for the consumer.

Regarding repurchasing, an interesting point to refer is that if smell is unpleasant, probably the consumer will not return to the store. With this, the variable smell gains an important weight for a store that uses this type of marketing. Other important question is that individuals may repurchase on a store due to the simple fact that the store has a pleasant smell. According to the results, the respondents prefer to go to a store with a pleasant smell instead of a competitor’s store with the same conditions but without smell. This must be seen as a competitive advantage or a differentiating factor in relation to the competitors. Once again, when considering consumers’ repurchasing, there are other variables that consumers value more in order to repurchase on that store such as: Product Quality; Exhibition and presentation of products in store, Price e Treatment or service.

Other conclusion regarding the element smell is that consumers are not willing to pay more for a product/service by the simple fact that the store has a smell that pleases them. According to results, the respondents prefer to go to a store without smell but with a cheaper price than to a store with smell with the same product but more expensive. However, a point to underline shown by the results is that clients prefer to pay more for a product/service when the store has a pleasant smell than buy the cheaper product on a competitor store with an unpleasant smell. One more time it is confirmed that the presence of a pleasant smell or the absence of smell, independently of other variables in the store, makes consumers choose this store instead of a store with smell

that does not please them. With this, smell does not make clients pay more for a product or service. However, in case of an unpleasant smell, consumers are willing to pay more for the product in a store where smell is pleasant for them, making factor smell an influent one in this case.

Finally in this study it is concluded that the pleasant smell on a store has a favourable influence on the clients’ level of satisfaction, although according to the results, the variables Price, Product Quality and Treatment/service are the most influents. An interesting point to underline is that regarding the 5 senses, in specific the 4 senses presented on Zara Home, music is considered to be the least important to make the clients leave the store satisfied. The element smell is the second with less importance.

Furthermore, it is possible to conclude in a general way that the smell can be seen as a differentiating opportunity regarding the strong competition lived in our days. The companies must invest in Olfactory Marketing in order to create loyalty on consumers, but they must apply the smell together with other factors like the conclusions show. It is possible to understand from the conclusions aroused that variables like Price, Product Quality, Treatment/Service and Exhibition and presentation of products are variables which influence a lot the consumers’ decisions on the purchasing moment.

In conclusion, once it was verified that the element smell, used as a Marketing tool, can influence the characteristics of a loyal customer, it is now possible to answer the main question of this dissertation and state that **Olfactory Marketing influences, although in conjunction with other variables, consumer loyalty.**

7.2 Limitations of research

This study, as any other study, presents some limitations. One of the first limitations is related to the use of a convenience sample. In other words, due to the deadlines it was impossible to implement a probabilistic sampling method.

This is an investigation about consumer behaviour in a store in which a wide and complex range of variables is implicit, leading to a delimitation of the incidence camp to a smaller set of variables to turn possible the application of the study.

Finally, other limitation is that the store studied is more directed to the feminine gender, losing with this a great part of the study of smell effect regarding male consumers.

7.3 Future Research

Although Olfactory Marketing is a concept and technique already widely used and known in other countries, in Portugal it is still a very recent tool which leads to the need to study its use in a deeper and more detailed way.

With the severe competition verified nowadays in the markets, it is important to choose differentiating strategies and methods that please consumers and lead them not to choose the other market players. This dissertation contributes exactly to understand if the Olfactory Marketing concept has potential to be applied on the stores in order to turn clients to be loyal.

To proceed with future studies about this recent concept in Portugal, the following suggestions are evidenced:

- Possibility to apply this study to a wider and more representative sample of the population.
- Possibility to apply this study in other stores who practice this type of Marketing in order to have higher representativeness and credibility on the answers.

- Possibility to apply this study in different economic situations where the economy is stable instead of studying it in a crisis situation like the one currently faced in Portugal. This could influence the results.
- To make this study in other countries in order to have a generalization of the results.

If this work is done in the future, then it is possible to have a better understanding of the real contribution of the Olfactory Marketing for the companies/stores.

Chapter 8- References

- Aaker, D. A., V. Kummar, George S. Day, 2004. **Pesquisa de Marketing**. Second Edition, Editora Atlas
- Adanza, E., G., 1995. **Research Methods: Principles and Applications**. First Edition, Rex books store
- Anton, J., 1996. **Customer Relationship Management: Making Hard Decisions with Soft Numbers**. Upper Saddle River, Prentice-Hall.
- Bardin, Barry J. and Harris E. 2011. **CB²**, USA, Student Edition 2011-2012. Cegane Learning.
- Bowen, J. and Chen, S. 2001. The relationship between customer loyalty and customer satisfaction. *International Journal of Contemporary Hospitality Management*, 13: 213-217.
- Bradford, K. and Desrochers, D. 2009. The use of scents to influence consumers: the sense of using scents to make cents. *Journal of Business Ethics*, 90: 141-153.
- Clerfeuille, F. and Poubanne, Y. 2003. Differences in the contributions of elements of service to satisfaction, commitment and consumers' share of purchase: A study from the tetraclass model. *Journal of Targeting Measurement and Analysis for Marketing*, 12:81
- Curtis T., Abratt; R., Rhoades D. and Dion P. 2011. Customer Loyalty, repurchase and satisfaction: A meta-analytical review. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining behaviour*, 21: 1-8
- Dick, A. S. and Basu, K. 1994. Customer loyalty: towards an integrated framework. *Journal of the Academy of Marketing Science*: 22: 99 – 113.
- Diersks, L. H. 2005. **Trust as a determinant of consumer behaviour under uncertainty**, Cuvillier Verlag Gottingen
- Fornell, C. 1992. A National Customer Satisfaction Barometer; The Swedish Experience, *Journal of Marketing*, 56: 1-18.
- Giese J. and Cote J. 2000. Defining Consumer Satisfaction, *Academy of Marketing Science Review*. pp:1-22

- Gok, O., Hacıoglu, G. 2010. The organizational roles of marketing and marketing managers. *Marketing Intelligence & Planning*, 28: 291-309.
- Goldkuhl, L., Styvén, M. 2007. Sensing the scent of service success. *European Journal of Marketing*, 41: 1297-1305.
- Grayson, R. A. S. and McNeil, Lisa, S. 2009. Using atmospheric elements in service retailing: understanding the bar environment. *Journal of Service Marketing*, 23: 517-527
- Gulas, C. S. and Bloch, P.H. 1995. Right Under Our Noses: Ambient Scent and Consumer Responses. *Journal of Business and Psychology* ,10: 87–98
- Hoffman, K. and Turley, L. 2002. Atmospherics, service encounters and consumer decision making: An integrative Perspective. *Journal of Marketing Theory and Practice*, 10:33-47.
- Hultén, B., Broweus, N. and Van Dijk M.. 2009. *Sensory marketing*. First Edition, Palgrave Macmillan
- Isacson, A., Alakoski, L. and Back, A. 2009. Using multiple senses in tourism marketing: The Helsinki expert, Eckero line and Linnanmaki amusement park cases. *Tourismos, An international multidisciplinary journal of Tourism*, 4: 167-184.
- Keegan, W. 2004. Strategic Marketing planning: a twenty-first century perspective. *International Marketing Review*, 21 : 13-16
- Kim, H. 2006. Using Hedonic and Utilitarian Shopping Motivation to Profile Inner City Consumers. *Journal of Shopping Center Research*,3:No.1
- Kotler, P. 1974. Atmospherics as marketing tool. *Journal of Retailing*, 49: 48-63
- Kotler, P., Wong, V., Saunders, J. and Armstrong, G. 2005. *Principles of Marketing*”, Fourth European Edition, Pearson Education.
- Kotler, P., Armastrong, G., Wong, V. and Saunders, J. 2008. *Principles of Marketing*, Fifth European Edition, Person Education Limited
- Leingpibul, T., Thomas, S., Broyles, S. and Ross, R. 2009. Loyalty’s influence on the consumer satisfaction and (Re)Purchase behaviour Relationship. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behaviour*, 22: 36-53

- Lindstrom, M. 2005. Broad Sensory Branding. *Journal of Product and Brand Management*,14: 84-87
- Lowengart, O. 2010. Heterogeneity in Consumer Sensory Evaluation as a Base for Identifying Drivers of Product Choice. *Journal of Business and Management*, 16:37-50
- Maroco, J., 2003. Análise Estatística com utilização do SPSS. 2st Edition, Edições Silabo
- McMullan, R. and Gilmore, A. 2008. Customer Loyalty: an empirical study. *European Journal of Marketing*, 42: 1084 - 1094
- Michon, R., Chebat, C. and Turley L.,W. 2005. Mall atmospherics: the interaction effects of the mall environment on shopping behaviour. *Journal of Business Research*, 58: 576-583.
- Mittal, V. and Kamakura, W. 2001. Satisfaction, repurchase intent, and repurchase behaviour: investigating the moderating effect of customer characteristic. *Journal of Marketing Research*, 38: 131-142.
- Oliver, R. 1997. *Satisfaction: a behavioural perspective on the consumer* Second Edition, M.E. Sharpe, Inc.Usa.
- Oliver, R. 1999. *Whence consumer Loyalty*. *Journal of Marketing*, 63: 33-44
- Parsons, A., G. 2009. Use of scent in a naturally odorless store. *International Journal of Retail & distribution Management*, 37: 440-452
- Peppers, D. and Rogers, M. 2011. *Managing customer relationship - A Strategic framework*. Second Edition, John Wiley & Sons, Inc.
- Pereira, A. 2007, SPSS – Guia Prático de utilização, Análise de dados para ciências sociais e psicologia, 5^a Edição, Edições Sílabo.
- Preston, C.C. and Colman, A.M. 2000, “Optimal number of response categories in rating scales: reliability, validity, discriminating power, and respondent preferences”, *Acta Psychologica*, 104: 1-15.
- Ray I. and Chiagouris, L. 2009. Customer retention: examining the roles of store affect and store loyalty as mediators in the management of retail strategies. *Journal of Strategic Marketing*,7: No.1, 1–20
- Sarkar, A. 2011. Impact of Utilitarian and Hedonic Shopping Values on Individual’s Perceived Benefits and Risks in Online Shopping. *International Management Review*, 7: No.1: 58-65

- Sivadas, E. and Baker-Prewitt, J. L. 2000. An Examination of the Relationship Between Service Quality, Customer Satisfaction, and Store Loyalty. *International Journal of Retail & Distribution Management*, 28: 73-82.
- Soars, B. 2009. Driving sales through shoppers’ sense of sound, sight, smell and touch”. *International Journal of Retail & Distribution Management*, 37: 286-298.
- Solomon, M., Bamossy, G., Askegaard, S. and Hogg, M. 2006. *Consumer Behaviour. A European Perspective*. Third edition, England: Pearson Education.
- Storbacka, K. and Lehtinen, J. R. 2001. *Customer relationship management: Creating competitive advantage through win-win relationship strategies*. Singapore: McGraw-Hill
- Tiwari, Ripesh, K. and Abraham, A. 2010. Understanding the consumer behavior towards shopping malls in raipur city. *International Journal of Management & Strategy*,1
- Turley, L.W., Milliman, R. E. 2000. Atmospheric Effects on Shopping Behavior: A review of the Experimental Evidence. *Journal of Business Research*, 49: 193-211
- Ward P., Davies, B., J. and Kooikman, D. 2003. Ambient smell and the retail environment: relating olfaction research to consumer behaviour. *Journal of Business and Management*, 9: 289-302.
- Williams, Terrell G., Slama, Mark E. 1995. Market mavens’ purchase decision evaluative criteria: implications for brand and store promotion efforts. *Journal of Consumer Marketing*, Vol. 12, pp.4 - 21
- Xu, Y. 2007. Impact of Store Environment on Adult Generation Y Consumers’ Impulse Buying. *Journal of Shopping Center Research*,14: 39-56

Chapter 9 – Annexes

9.1 - Annex I - Questionnaire

Dear Client,

The main objective of this survey is to understand if smell used in stores as a marketing tool has any kind of influence on client’s loyalty. All questions concern the store Zara Home, being the chosen store for this study.

Your answers will have a huge contribution for the development of this theme that is still underexplored.

Your participation is completely voluntary and you can refuse to participate or abandon the survey at any moment. The survey has an estimated duration of approximately 7 minutes.

This survey is completely confidential. Your participation will be greatly appreciated!

**Thank you very much,
Sofia Mesquita
Student of Master Science in Marketing
ISCTE Business School**

A - DESCRIPTION OF CONSUMPTION IN ZARA HOME

1. How often do you come to this store (**Zara Home**)?

Every day
Once a week
Once every 15 days
Less than one day a month
Sporadically

2. What normally makes you buy at Zara Home?

- Home Products
- Bathroom Products
- Kitchen Products
- Living Room Products
- Accessories
- Other _____

3. Which following factors influence your loyalty to Zara Home?

	Strongly disagree	Disagree	Disagree somewhat	Indifferent	Agree somewhat	Agree	Strongly agree
Price	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The pleasant smell on the store	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exhibition and presentation of products in store	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Store Location	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Treatment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

B – INFLUENCE OF OLFACTORY MARKETING ON THE CONSUMER

4. Have you ever heard about Olfactory Marketing?

- Yes
- No

“The influence of Olfactory Marketing on clients’ loyalty”

5. What would make you buy products from other categories that you did not mention first?

	Strongly disagree	Disagree	Disagree somewhat	Indifferent	Agree somewhat	Agree	Strongly agree
Brand Loyalty	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
satisfaction due to the quality of the product previously bought	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Treatment or service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The pleasant smell on the store	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Friend’s or family recommendation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6. When you feel the smell on this store (Zara Home) do you?

	Strongly disagree	Disagree	Disagree somewhat	Agree somewhat	Agree	Strongly agree
Stay indifferent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Try to understand what type of smell is	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Feel nostalgic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Question myself about the purpose of this smell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Try to define the type of store through the smell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Affects my emotional state	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7. In this store, what do you have to say about the smell?

- Pleasant (If you answer this question, go direct to the question 7)
- Unpleasant (If you answer this question, go direct to the question 10)
- Indifferent (If you answer this question, go direct to the question 13)

8. Answer this question only if you answered **Pleasant** in the question 7:

The fact of having a pleasant smell in the store:

	Strongly disagree	Disagree	Disagree somewhat	Indifferent	Agree somewhat	Agree	Strongly agree
Makes me feel like I do not care if I pay more for a product.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Answer this question only if you answered **Pleasant** in the question 7:

9. If the smell was unpleasant would you return back to the store?

- Yes
No

Answer this question only if you answered **Pleasant** in the question 7:

10. In spite of the unpleasant smell, do you return to the store?

- Yes
No (If you answered "NO" go to the question 13)

11. If there was a store next to this, with the same product you want, at the same price but without smell. Which one would you prefer to go to?

- Zara Home store
Other Store

12. Imagine that there is a store next to this, without smell, with the same product you want and cheaper. Which one would you prefer?

- Zara Home Store
Other Store

13. Now imagine that the same store next to this, has an unpleasant smell, have the same product but cheaper, which one would you prefer?

- Zara Home Store
Other Store

14. How much will you be willing to pay due to a pleasant smell in the store?

- <=5%
6-10%
>=11%
0%

15. On a 1 to 4 scale (**1 – More important; 4 – Less Important**), please order these factors according to the importance that they may have influencing your satisfaction level:

- Music _____
- Smell _____
- Light _____
- Product display in the store so you can see and touch them _____

“The influence of Olfactory Marketing on clients’ loyalty”

16. What makes you leave the store (Zara Home) satisfied?

	Strongly disagree	Disagree	Disagree somewhat	Indifferent	Agree somewhat	Agree	Strongly agree
Store Location	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exhibition and presentation of products in store	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The pleasant smell on the store	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Treatment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Price	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

17. Answer to this question only if you answered **Pleasant** in the question 7:

Answer the following statements according to the scale:

	Strongly disagree	Disagree	Disagree somewhat	Indifferent	Agree somewhat	Agree	Strongly agree
The smell transmitted by the store makes me feel better during the buying process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

18. What makes you return back to this store (Zara Home)?

	Strongly disagree	Disagree	Disagree somewhat	Indifferent	Agree somewhat	Agree	Strongly agree
Treatment or service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Price	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The pleasant smell on the store	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Store Location	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exhibition and presentation of products in store	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

24. Sex

- 1. Female
- 2. Male

9.2 - Annex II – Table 5

Question 5 - SPSS

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,798
Bartlett's Test of Sphericity	Approx. Chi-Square	582,494
	df	10
	Sig.	,000

Question 6 - SPSS

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,753
Bartlett's Test of Sphericity	Approx. Chi-Square	301,838
	df	15
	Sig.	,000

Question 16 - SPSS

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,677
Bartlett's Test of Sphericity	Approx. Chi-Square	409,134
	df	15
	Sig.	,000

Question 18 - SPSS

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,740
Bartlett's Test of Sphericity	Approx. Chi-Square	452,934
	df	15
	Sig.	,000

Question 19 - SPSS

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,773
Bartlett's Test of Sphericity	Approx. Chi-Square	529,000
	df	10
	Sig.	,000

