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The Influence of New Trends in Store Atmospherics on Customer Experience in a Convenience Store Environment in Portugal

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Dissertation submitted as partial requirement for the acquisition of Masters' Degree in MSc in Marketing

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February 2017

Acknowledgment

I would like to thank my supervisors José Pedro Dionisio and Hélia Pereira for granting me the opportunity to work along with them in this project. I truly admire all the effort, dedication and time that they spent guiding me and giving helpful advices to make sure that I was able to pursue this study. Without their know-how and years of experience, this dissertation would not be possible. They helped me maintain my focus throughout the development and their words gave me the motivation to keep on track. My genuine thanks to both of them.

A warm thanks to all the people that participated in this study by giving me their inputs and the time spent helping me. Participants of my study, ISCTE-IUL staff, professors, friends, AEISCTE-IUL, external companies and both of my classes from Gestão e Engenharia Industrial (2012-2015) and from MSc in Marketing (2015-2017). I also had the chance to learn a lot from some particular people, namely: Filipe Corales, João Frazão, Artur Alves, Filipe Bota Mendonça, Rodrigo Santos, Daniel Gil, Artur Mendes and Rodrigo Silva.

My genuine thanks to two special women: Manuela Bento and Ana Melo. Without their guidance, I would not be who I am today. They saw me grow and taught me to be better every day.

Last but not least, the most important and my ultimate thanks to my family. Their hard work made me able to be here writing this. Without them, I would not accomplish half of what I've accomplished today. Mom your son made it!

Abstract

Delivering an enhanced customer experience is a growing concern in today's marketing world. There is enough scientific evidence and not scientific, that the influence of customer experience depends on the efforts made by firms in several aspects, and one of the most influencing is the store atmosphere that affects customer's buying decision, depending on the type of business or store format frequented. Therefore, the main purpose of this dissertation is to study the influence of future trends in store atmosphere on Portuguese population in a Gas Station Convenience Store (also known as c-store) context.

To achieve the goal of this dissertation, an intensive literature and empirical research was conducted. Henceforward, a Focus Group and Virtual Reality based experiments were carried as exploratory and qualitative methods.

Findings revealed that out of a bunch of new trends, some may result better than others in a C-Store. Trends like Front-line Employees-Customer Interaction created value for customers, Digital Signage captured attention, Hybrid Store could enhance visits to the store, Interactive Screens could be a high utility solution and Co-Creation enhanced satisfaction. Only New Payment Methods were not very well accepted due to the lack of trust on security issues.

It was found that results are influenced by the number of visits or the amount of know-how that customers hold about a certain store. A common pattern was found out to be consistent between the people that visited the store every day. Consequently, managers should understand not only which trends fits best their store/business according to their business mission (i.e. convenience stores are meant to be fast, convenient and efficient) but also how it affects each and every customer that visits their outlet.

Findings also revealed that it doesn't matter what strategies are used to manipulate the store ambiance if some main principles such as the price strategies and the products offered are not completely what customers are willing to pay for. As Adcock *et al., (*2001: 1) would say the customer wants "*the right product, in the right place, at the right price and at the right time*".

Keywords: Customer Experience, Store Atmosphere, Future Trends, Convenience Store

JEL - classification system

M31 – Marketing | M37 – Advertising | O3 – Innovation

Resumo

Os gestores de Marketing de hoje, têm cada vez mais uma maior preocupação em oferecer uma experiência única ao cliente. Esta realidade é comprovada não só pelas provas cientificas como também pelas noticiais do dia-a-dia. A qualidade da experiência oferecida ao cliente depende do esforço de cada empresa. Existem várias condicionantes para influenciar a decisão de compra do consumidor, e uma das mais influentes é a Atmosfera da Loja, dependendo do tipo de negócio e do formato de loja frequentado. Assim, o objetivo principal desta dissertação é estudar a influência de futuras tendências na atmosfera de loja num contexto de loja de conveniência (ou c-store) de gasolineiras em Portugal.

Para alcançar o objetivo desta dissertação, foi realizada uma intensiva pesquisa empírica. Foram levadas a cabo duas experiências (Exploratórias e Qualitativas): Focus Group e Experiência à base de Realidade Virtual (exploração do mundo virtual em ambiente controlado).

Resultados revelaram que de um grupo inicial de possíveis 10 novas tendências de Atmosfera de Loja, algumas podem resultar melhor que outras mediante o tipo de negócio. Tendências como Interação Colaborares de Loja – Clientes criavam maior valor para os clientes, Lojas Hibridas podem aumentar as visitas à loja, Digital Signage capta a atenção, Ecrãs Interativos podem ter grande utilidade e a Cocriação aumenta a satisfação. Os únicos que não foram bem aceites foram os Novos Métodos de Pagamento por questões de risco de segurança.

Os resultados obtidos também indicam que o número de visitas ou a quantidade de know-how que os clientes têm sobre uma determinada loja, influencia as suas respostas. Por exemplo, foi possível notar um padrão comum entre os clientes diários de uma loja. Consequentemente, os gestores devem entender não só quais tendências se encaixam melhor na sua loja/negócio de acordo com sua missão de negócios (isto é, as lojas de conveniência devem ser rápidas, convenientes e eficientes), mas também como isso afeta os clientes que visitam a sua loja.

Por fim, também foi possível concluir que não bastam apenas estratégias para criar o ambiente da loja. É necessário também adaptar alguns princípios fundamentais como as estratégias de preços e os produtos oferecidos aos clientes. Como Adcock *et al*. (2001: 1) diria: o cliente quer "*o produto certo, no lugar certo, no preço certo e na hora certa*".

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1 | Introduction

The aim of this study will be to identify the future marketing trends that can influence store atmosphere of a Portuguese Gas Station convenience store. The identified trends will be studied to verify how they can impact a customer's buying behavior. The focus of this study is to find which store trends are the most adequate for the Portuguese convenience stores and to check if they impact positively its customers.

1.1 | Theme, Research Problem and Objectives

Various studies conducted by renowned authors (Carbone & Haeckel, 1994; Pine & Gilmore, 1999; Prahalad & Ramaswamy, 2004; Zomerdijk & Voss, 2010) show that managing customer experience is important. It can be managed in many ways and one of them is by manipulating store atmosphere.

Most of the existing studies to manage store atmosphere are limited because they are focused on sensorial atmospherics. Although it is important, nowadays there are new ways to influence an outlet's ambiance. Based on real life investments by many retailers, examples of the new trends are: Front-line Employee-Customer Interaction; Digital Signage; New Payment Methods; Interactive Screens; Co-Creation; Hybrid Stores; Retailtainment; Store Mood Zones; Reverse Channels; Storytelling.

To maintain competitive, companies need to develop new techniques and apply them successfully. Kotler (1973) in his paper believed that as many traditional marketing tools started to become neutralized, the Atmospherics would instead grow its influence in the future.

In the present era we can find examples of great companies applying some of the aforementioned trends, for example Samsung applying scent atmospherics (Stiegel, 2008), Audi using Interactive Screens (Audi, 2012), Apple training employee for a better Front-line Employee – Customer Interaction (Gallo, 2012) or Spar offering new payment alternatives (Peckam, 2015).

There is little empirical research on these new trends and further investigation of this topic will be necessary. Although there is evidence of them testing or even using this new trends, there are no public reports about the success or failure of it.

The lack of empirical information is considered a gap in the literature and therefore the research problem will be to **explore the influence of this new trends on consumers with an emphasis on convenience stores** and create empirical evidence for companies to use them in the future.

In the end of this dissertation, the main objective to be achieved is to check if the new trends create value and if it influences customers to visit the store more times, uprising their purchase intentions.

1.2 | Structure

The dissertation is subdivided into chapters that follow a progressive approach of structured topics, moving from a general research of theory to specific field research.

The first topic after this initial introduction, the literature review, introduces the concept of Customer Experience (**Chapter 2.1**) and its principles. Henceforward it will splay into store atmosphere concept (**Chapter 2.2**), why it is important (**Chapter 2.3**), and what is being done in terms of sensorial atmospherics (**Chapter 2.4**).

Afterwards, it will go down to the main topic of this dissertation: New Trends in Store Atmosphere (**Chapter 2.5**). It will have all the trend's definitions supported by examples of different retailers applying/testing them in their outlets worldwide. Then it will emphasize the reality of convenience stores (**Chapter 2.6**) in Portugal and which new trends are being used abroad in a convenience store context and can be adopted by the national players.

Subsequently, the appropriate methodology used for research purpose will be addressed (**Chapter 3**) to fill in the gap in the literature review and to really comprehend the impact of the new store atmosphere trends on customers.

Consequently, research will be done and the results obtained will be analyzed (**Chapter 4**). Finally, before concluding the dissertation, some issues like managerial implications, limitations of the study and suggestions for future research will be outlined (**Chapter 5**).

2 | Literature Review

The business world is changing as consumers are acquiring more sophisticated needs and wants. With the constant development of technology, everything changes quickly and there is not one feature of the human experience that hasn't been shaped by it. Everything starting from health, to army, to how organizations use it for their own organizational activities has been changing (Hughes, 2014) and with the evolution of globalization (Suny Levin Institute, 2012) and competitiveness, nowadays there are many options for consumers to fulfill their needs.

Although this is positive for them, it is not for organizations as they could feel harder to find ways to differentiate themselves from the competition. Despite that product marketing is still indispensable (Spence *et al*., 2014) it is not enough to maintain a competitive advantage. Consuming the product only is no longer sufficient (Berry *et al.*, 2002), and organizations need to start investing more in Customer Experience Management (CEM) (Schmitt, 1999).

2.1 | Customer Experience

2.1.1 | Definition and Dimensions

There are many definitions of this concept, but Nasution *et al*., (2014: 255) summed it up in one: the extended process experience of "*acquiring, integrating and ultimately achieving fulfillment of their aspirations*". Building a distinguishing customer experience can add great value for an organization (Pine & Gilmore, 1999) and create higher customer loyalty (Mascarenhas *et al.*, 2006). An increasing number of organizations are using customer experience management principles to fortify customer loyalty because it creates emotional bonds between them, which by itself it is difficult for competitors to replicate (Berry *et al.*, 2002).

Zomerdijk & Voss (2010) set a customer experience design as a guideline to efficiently manage consumer's perception of a brand. The six design principles are:

1. Design from the perspective of the customer journey and associated touch points (Customer journey includes all the process from pre-purchase to after-sale)
2. Conduct sensory design for a better store atmosphere (Take into account the five senses)
3. Front-line employees of the store should interact with customer to create engagement
4. Invest on Dramatic Structured events (To create emotional attachment on customers)
5. Manage the presence of fellow customers in store
6. Take into account that backstage employees know what is happening front stage (Coupling between them)

The previous principles were studied by Zomerdijk & Voss (2010) for an explanatory study. All of them play a major role in Customer Experience Management and it is important to manage customer's journey from the first touch point (pre-purchase) to the last as it is seen from principle number one.

To complement the previous statements, Verhoef *et al*., (2009) mentioned that a customer's brand perception before the shopping experience may affect his experience with the brand. Customer experience includes pre-purchase information search, acquisition, consumption and after-sales phases of the experience (Neslin *et al*., 2006). That is why it is not restricted only with customer's interaction with the store. It's a group of experiences that develop over time (Verhoef *et al.*, 2009) and it takes time to build something unique and differentiating from competitors.

Nowadays, differentiation grounded on price and service is insufficient because customers today, want something more beyond the act of buying (Kotler, 1973) and if a firm performs well to deliver the right experience to the proper audience but the implementation fails logistically and coastwise, then it is is not efficient and it becomes worthless (Loureiro *et al*., 2014). For a company, at the end of the day, the main concerns are to excel at their operational, financial and strategic goals (Johnston & Clark, 2008).

Carbone (2004) in his work, told that customers can transform their emotional feelings into dominant perceptions of an organization's business and it is consequently transformed into attitudes that impact directly a customer's satisfaction. That is why it is important to design well the offered experience.

Every time a customer buys something from a firm, he tastes somehow an experience no matter how good or bad it can be. The issue is how an organizational entity handles that experience. Firms that merely offer, for example, a quick hint or a sample of a pleasant experience, won't do well in the results (Berry *et al.*, 2002).

2.2 | Store Atmosphere

2.2.1 | Definition

One way to manage customer experience is through the manipulation of store atmosphere. According to Farias *et al*., (2014: 88) "*atmosphere in marketing is a term used to describe the conscious design of an area in order to create a desired effect on consumers*".

In the same way, American Marketing Association defines it somehow as a bundle of physical characteristics of the store such as architecture, layout, signage, color, light, sound, scent and room temperature stimulating the consumer's mind to have a pleasant experience (American Marketing Association, 2016).

The atmosphere is also perceived as the quality of the surrounding space, by people's senses (Vision, Olfaction, Touch, Taste, and Sound) and the main dimensions to create atmosphere according to Kotler (1973) are: Sound – volume and pitch; Olfaction – smell and freshness; Touch – softness, smoothness and temperature; Visual – color, brightness, size and shape.

To the act of managing experiences is known as Experiential Marketing. It heightens the sensory components of a store atmosphere and this is important to understand the impact of it on consumer behavior. Nowadays it is crucial for retailers to take in account customers' holistic experience as a pertinent tool to manage their own retail outlets (Schmitt, 1999; Farias *et al*., 2014; Nielsen, 2015).

According to Schmitt (1999) managers can develop five Strategic Experiential Modules (SEMs) for the customer to experience, such as: sensory experiences (SENSE); affective experiences (FEEL), creative cognitive experiences (THINK); physical experiences, behaviors, and lifestyles (ACT); and social-identity experiences (RELATE). SEMs are a way of communicating with customers, as it represents a group of hints, messages, and suggestions to influence buyers purchasing decision (Farias *et al*, 2014).

2.2.2 | Evolution

In the seventies, retail environment was initially defined as store atmosphere by Kotler who believed a product goes beyond just a tangible object and claims that customers want the total product in which the experience associated with the buying act is also important (Kotler, 1973).

Later in the eighties, a new approach to consumer behavior was adopted: the hedonic perspective. Up until this moment, people were seen as rational beings who followed a logical pre-purchase process (Schmitt, 1999; Solomon, 2008). However, some research namely by Holbrook & Hirschman (1982) cited by Farias *et al*., (2014), demonstrated the influence of experiential aspects in consumer consumption is important. For example, nowadays we are experiencing this influence and there are studies that evidence the previous aspects (Zomerdijk & Voss, 2010). Various facets such as light, smell and music can be manipulated to generate responses from costumers (Kotler, 1973).

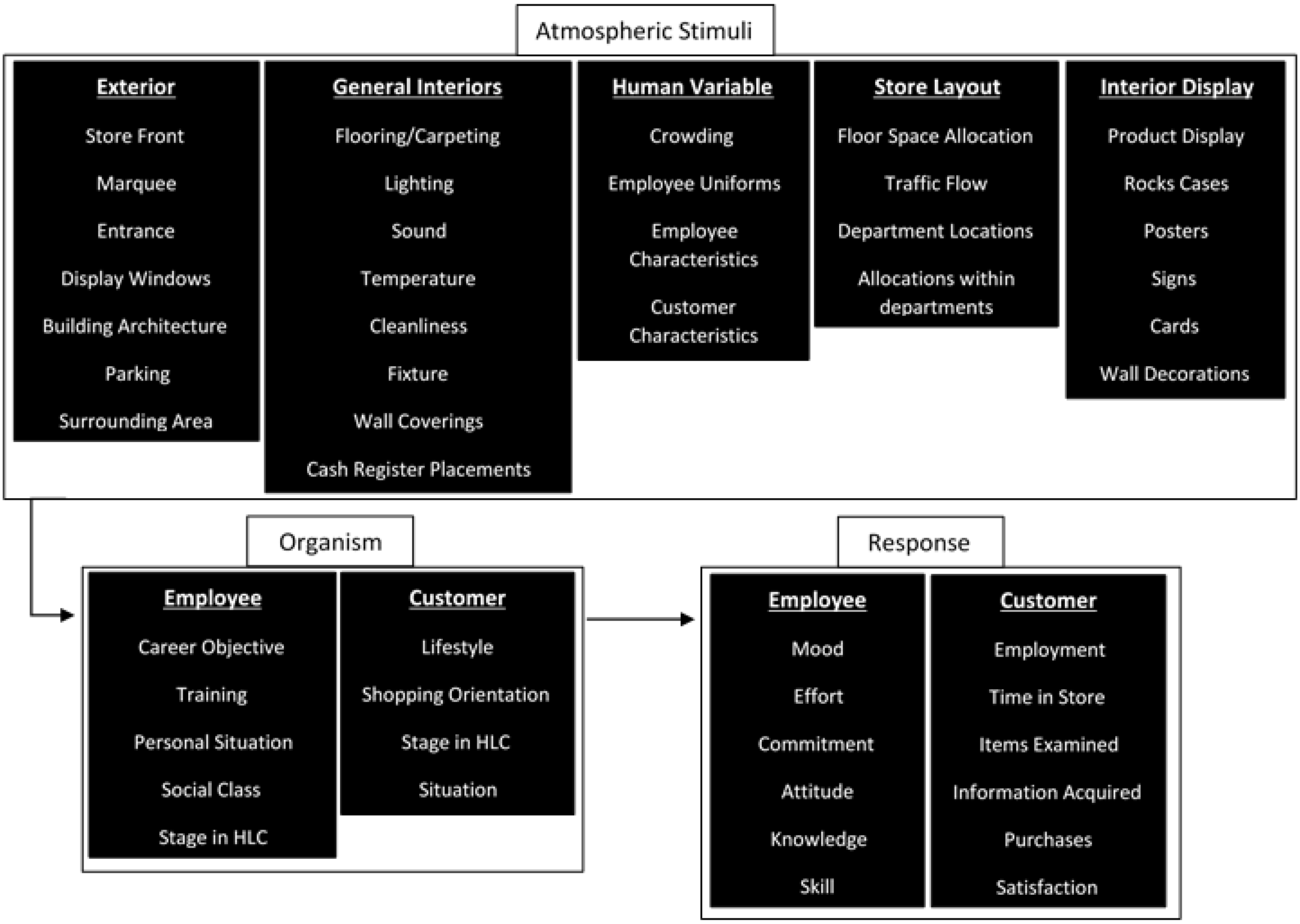
Traditional retail is transforming into a more interactive business (Nielsen, 2015) to offer the customer a pleasant experience. But not always the desired atmosphere (set of components created for the artificial background) is actually the perceived (Kotler, 1973). Customers hold different levels of perception and it can be seen from their reactions to stimuli that are not controlled by organizations (Zomerdijk & Voss, 2010).

Retailers need to have in mind that an atmosphere can create a certain response in one single person or set of individuals at a certain moment in time and then it might generate a totally diverse response in another person or group (Pine & Gilmore, 1999). As a result, retail atmospheres need to be shaped with a specific consumer in mind. For example, smaller specialty stores, specifically targeted to a certain audience, have a higher capability to create more oriented stimuli to influence consumer behavior (Turley & Milliman, 2000).

2.3 | Why is it important?

When consumers are inside a store, a positive emotional status can affect their shopping response, as they feel more comfortable and spend more time viewing the variety of products (Kusumowidadgo *et al.*, 2012). To create alterations on consumer's emotional status, the Stimulus-Organism Response Paradigm plays a pertinent role. Depending on the context, the atmosphere of a store (S – Stimulus) is responsible to enable in the consumer (O – Organism) some behavioral response (R – Response) (Mehrabian & Russel, 1974).

Figure 1 *– The Turley and Milliman Model*



Source: Kusumowidadgo *et al.,* (2012: 566) - ***Adapted***

As we see from the ***Figure 1*** sourced from the article of Kusumowidadgo *et al.,* (2012), there are many components that can influence a person's response. Different combinations of stimulus can be done to obtain the planned results by managers.

On one hand, some researchers believe that to influence people's shopping behaviors, there are two principal emotional states that are needed to be stimulated well by retailers, and those are pleasure and arousal (Donovan & Rossiter, 1982). On the other hand, similarly to Donovan & Rossiter, Mehrabian & Russel (1974) defend the existence of a third emotional state: dominance.

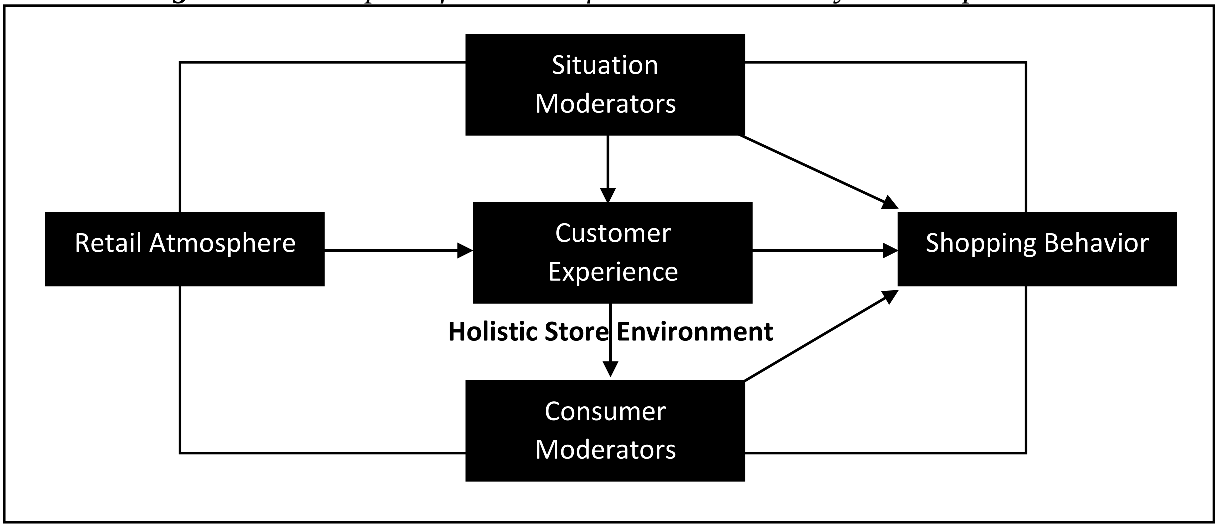
While pleasure represents the pleasantness of the store atmosphere for consumers, i.e. when consumers have the positive emotional response it leads them to approach behaviors meanwhile when there is a negative emotional response, it leads to removal from the store (Farias *et al*., 2014).

Arousal according to Mehrabian & Russel (1974) is an emotional element of the human beings that range from sleep to hysterical excitement. Consumers are guided by their motivation and depending on that, it has an effect on the amount of pleasantness (affective response to a stimulus) consequent from arousal formed by the outlet environment. For example, pleasantness plays a major role as a mediator of arousal on shopping behavior and that is why recreationally motivated consumers are positively affected by higher levels of arousal and it rises the willingness of the consumer to enter the shop and buy something, meanwhile task-oriented consumers seek for lower levels of arousal (Kaltcheva & Weitz, 2006).

Findings by Loureiro *et al*., (2014) confirms that in utilitarian service settings, in order to increase customer satisfaction and retention, delight linked to arousal has no significant impact on loyalty intentions. According to them, a well organized, enclosing the essentials needed by customers, at a fair price and sporadically providing a bit more than the predictable store, has a greater impact on customer loyalty than wasting too many resources trying to build highly entertaining environments.

Depending on the context (hedonic or utilitarian), understanding customer as already mentioned, is crucial and it represents a huge task for retailers. A conceptual framework from Verhoef *et al*., (2009) synthesizes the process to manage customer's experience. It is constituted by three key elements: Retail Atmosphere; Situation Moderators and Consumer Moderators. Each of this elements has focused on different aspects in order to fulfill a pleasant customer experience and therefore to influence their shopping behavior.

Figure 2 *- Conceptual framework for an extraordinary retail experience*



Source: Verhoef *et al*., (2009: 32) - ***Adapted***

Starting with the Retail Atmosphere, that represents the first step to offer the expected experience, it represents the management of factors like light, colors, music and all the factors can stimulate consumer's senses in the store and can be controlled by a company. Secondly, comes the Situation Moderators that represent the category of the outlet, localization, convenience, period of the year, etc. And last but not least, comes the consumer moderators related to type of buying process, i.e. if the consumer making a utilitarian (rational) purchase or a hedonic (emotional purchase) (Kaltcheva & Weitz, 2006).

The combination of three factors contributes to heighten customer experience which leads to influence whether the customer approaches or rejects the shop. Approach can be assumed as the act of purchasing a product as consequence of a pleasing experience, whereas avoidance is meant to compromising the purchase due to a weak experience (Farias, *et al*., 2014).

Although there is a wide range of combinations that can be used to stimulate consumers, there is not a fundamental law or ideal model to be followed to create the perfect store atmosphere. However, the previous variables of the conceptual framework from Verhoef *et al*., (2009) and the Turley & Milliman Model should be considered.

2.4 | Sensorial Atmospherics

Companies need to direct their efforts towards an enhanced customer experience than just concentrating on product marketing (Spence *et al*., 2014). Strategically located physical cues in store, create an atmosphere that can impact consumer's feelings by stimulating them through its five senses: vision, smell, taste, touch, and sound (Donovan & Rossiter, 1982).

As a result, the sensory incitement in a retail outlet is a way of attracting consumers and then in the second phase to stimulate them in the act of buying. Sensory marketing if done right and under the needs and wants of a target audience, it can heighten an organization's competitive advantage (Farias *et al*., 2014).

In the current area, with the support of scientific articles, only four senses (Vision, smell, touch, and sound) will be analyzed presenting some examples to see how they can be stimulated. As previously mentioned, according to Kotler (1973), taste was not considered for him as a sensory channel to manage atmosphere and it will not be analyzed furthermore.

2.4.1 | Visual Atmospherics

Visual atmospherics according to Kotler (1973) is composed by color and brightness (lightning), others authors add the visual merchandising displays as another variable. Sight is the most stimulated sense by the atmosphere as it is present from the color and shape of a product to the layout of a store or a communication campaign.

2.4.1.1 | Color

In some cases, people associate a brand directly to a color, such as Oreo to blue, Ferrari to red or Fanta to orange. Colors that are related to brands (and stores) are probable to induce associations and increase the ease with which the customer can categorize a brand as sharing category membership (Labrecque & Milne, 2012).

Color is taken as a source of information, for example, in the beginning of an interaction people take ninety seconds to take conclusions about a person or a product and around sixty-two to ninety percent of the judgment is grounded on colors only (Singh, 2006).

More precisely, in a retail setting, customers prefer blue over red since they find it more relaxing, it inspires longer browsing and promotes purchase intentions. (Bellizzi & Hite, 1992). Findings from other studies stated by Gregory Ciotti (2016) show that men prefer bright colors and women soft. In the branding world, choosing the right colors is crucial not only to distinguishing products from competitors, but also to stimulating attitudes and feelings of consumers.

Assuming that our moods and feelings vary constantly and that colors impact our attitude, it is vital that marketers comprehend the importance of colors in marketing. Especially when color impacts differently cultures (Chebat & Morrin, 2007) because different meanings are often attached to different colors in various parts of the world (Madden *et al*., 2000; Aslam, 2006).

2.4.1.2 | Lighting

Lighting can influence emotions, mood, and cognition as well as atmosphere dimensions. Studies show how several lighting attributes such as brightness, contrast, and glare and sparkle were related to atmosphere dimensions. Brightness was related positively to tenseness and inversely related to coziness, the contrast was negatively related to tenseness and glare and sparkle were related positively to liveliness. The influence of lighting attributes was successfully related to the perceived atmosphere by Custers *et al*., (2010).

For example, Summers & Hebert (2001) studied the effects of installing additional five hundred watts lighting in the ceiling or over a particular display in two stores from different industries and found that buyers touched more items, spending more time reviewing a display with brighter lights. Another example is in the food industry, where Gal *et al*., (2007) report a laboratory study in which increasing the brightness of atmosphere illumination impacted the amount of coffee that people drank, i.e. people that like strong coffee, drink more under bright lighting and people that like a less flavored coffee drink less under the same conditions.

2.4.1.3 | Visual Merchandising Displays

Visual merchandising is important because it aims to display a store together with its merchandise in a way that it will draw the attention of a possible consumer (Levi & Weitz, 2009). For example, Cant & Hefer (2014) from a focus group, concluded that perceptions of visual merchandising displays of the participants were sub conscious in creating curiosity and interest to further pursue the merchandise and aesthetics wise to make the store’s image more beautified. This added some character to the store and by designing perfectly the displays with a good spatial orientation, it also affected consumers’ perception of a store.

2.4.2 | Auditory Atmospherics

Auditory Atmospherics according to Kotler (1973) are implemented by volume and pitch. The type of music a retailer selects to play can strongly indicate its brand positioning.

Choosing the appropriate music may be critical for producing and transmitting a proper impression for customers (Spence *et al*., 2014). Consumers pass more time in locations that they find pleasing or where time seems to pass more slowly. In most retail outlets, holding customers in the store is perceived as a positive achievement as the items bought usually rises. Studies demonstrate the effects that sound can have on consumer behavior.

Milliman (1982) with his study tests the in-store relationship between the use of programmed background music and human behavior. Three scenarios were studied: no music, slow tempo music, and fast tempo music. By the end of it, the author determined that the tempo of background music can considerably influence consumer's pace in the in-store traffic flow. Customers with slow pace buy more than the ones with rapid pace and based on that retailers should choose the music according to the intended objectives.

In the same way, Andersson *et al*., (2012) conducted two studies, one in a Swedish home electronics retail and another in a large supermarket store, with different music tempos or no music at all. Results showed that music positively affects the purchasing behavior of customers. Although moderated by gender, the music aroused all costumers. While women preferred no-music or slow tempo music, men were more leaned to fast paced music. The main conclusions that the authors took were that music should be adapted depending on the retail context.

Following the previous thoughts, one more experiment was developed in a medium-sized restaurant in Dallas, Texas by Milliman (1986) demonstrated that background music can significantly affect the behavior of restaurant customers. Slow-tempo background music made people stay longer in the restaurant.

Apart from music tempo, research by some authors, such as Yalch & Spangenberg (2000) focuses on how much time consumers choose to spend shopping when affected by environmental music varying in its perceived familiarity to the shoppers. Although individuals reported shopping longer when listening to familiar music, they actually shopped longer when listening to unfamiliar music.

The results support the belief that shopping time is affected by store music. Proof of that is also a study by Morrison *et al*., (2011), which revealed that volume of music has a substantial effect on buyers' emotions and satisfaction levels. Further analysis indicated that the arousal induced by music in augmented pleasure levels influences in a positive way the buyer behaviors, like time and money spent, approach behavior and satisfaction with the shopping experience.

Undoubtedly, in a few situations, the goal may be too slow customer flow, maintaining them in the store for the most time, incentivizing them to purchase more (i.e. Hypermarket, supermarket). On the other hand, some may prefer to maintain a rapid movement flow of customers as a way of increasing sales (i.e. fast food restaurants, petrol stations).

2.4.3 | Tactile Atmospherics

Tactile Atmospherics according to Kotler (1973) is composed by: softness, smoothness, and temperature. These dimensions are interesting to be developed when the target is into touching the product before buying because it allows them to comprehend, test and take a more detailed look of it and actually perceive the quality of it (Ackerman *et al*., 2010).

On the other hand, there are people that don't feel the same need and following it an example of it. Otterbring's (2016) experiment revealed against recent literature that customers in a retail outlet, that if their touch for the period of a demonstration was restricted, they would take a counterintuitive action and would spend more money, more products and even though more expensive products. As Martin (2013) would say, one of three channels of information is the kinesthetic (touch).

2.4.4 | Olfactory Atmospherics

Olfactory Atmospherics according to Kotler (1973) is composed by scent and freshness. Morrison *et al*., (2011) developed a paper which contributes to a better understanding of buyers' emotions and behaviors in response to in-store atmospherics. Results revealed that the presence of an aroma in a store has a substantial effect on buyers' emotions and satisfaction levels.

Further analysis indicated that the arousal induced by aroma in augmented pleasure levels, which influences in a positive way the buyer behaviors, like time and money spent, approach behavior and satisfaction with the shopping experience.

Olfactory cues arouse positive emotions influencing buyers' perceptions of the atmosphere, the product quality and the money spent. In the case of Chebat & Michon (2003), where they made two experiments on shopping mall (First: Olfactory atmosphere not modified; Second: Light pleasing scent was vaporized in the mall's main corridor). Odors did influence considerably perceptions on product quality and shopping atmosphere. Mood did not influence considerably on spending. Consequently, managers should find solutions to enhance mood.

Proof of the odor's influence are examples of several companies starting to use it, they are: Abercrombie & Fitch (A&F); Samsung; Westin Hotels and Resorts. For example, A&F spays a clean scent of fresh citrus of their own men's fragrances called "*Fierce*" in their outlets to pass a message of a lifestyle packed with confidence and a bold masculine attitude (Khan, 2016).

Samsung uses scent marketing in their Manhattan store with the help of hidden devices in the sealing which sprays out a honeydew-like smell which the company believed it would seduce their customers. Westin Hotels and Resorts also began aromatizing their entrances with a fragrance they call "*White Tea*". They believed that using the scent, they would create an emotional bond with their guests (Stiegel, 2008).With the previous examples, we can notice the influence that olfactory marketing has on the business world.

2.5 | Store Atmosphere Future Trends

To survive in the competitive world that we live today, companies need to look in the future and find ways to retain or achieve their competitive advantage. Schmitt (1999) defended that retail outlets can deliver captivating experiences and the reflection of that would be the amount of money and time expended in a store.

Investments from real companies in the present years shows that aside from the store sensorial marketing, other trends can influence store atmosphere and make customers spend more time or money in a store. They are: Front-line Employee-Customer Interaction; Digital Signage; New Payment Methods; Interactive Screens; Co-Creation; Hybrid Stores, Retailtainment, Reverse Channels, Store Mood Zones and Storytelling.

The examples of different retailers using these will be outlined in the following topics to better understand which could be the future trends in store atmosphere.

2.5.1 | Front-line Employee-Customer Interaction

Front-line employees who are the nearest to customers are seen as spokespeople for the company in the Employee-Customer interaction. The interface between both is important, as employees influence customers in their level of satisfaction and engagement. This interaction is crucial in the case of a service failure or complaint management (Cambra-Fierro *et al*., 2014).

Although there are many ways to engage people, actions taken by these workers jointly with the way they respond to customers are an effective tool for communication and sometimes consumers trust more in the employees than in other sources of communication (Laer & Ruyter, 2010).

Engagement according to Higgins & Scholer (2009: 138), "*is a state of being involved, occupied, fully absorbed, or engrossed in something*". Following the previous definition, the aforesaid interactions should be shaped to please customers with the help of well-trained employees who will generate an increased return on investment for the firm and a higher engagement from the customers (Cambra-Fierro *et al*., 2014).

Customers hold high value when influenced by a correct and well-mannered treatment, with the dedication and interest demonstrated, product knowledge, empathy, the skill to communicate clearly with the right information and the capability to solve problems by employees (Gounaris, 2008). Employees must be able to put themselves in the place of the customer and sense the customer's emotions, sharing them during the interaction, turning it in a cooperative interaction to add value mutually with an adequate level of empathy (Wieseke *et al*., 2012).

According to the study made by Cambra-Fierro *et al*., (2014), the interaction is enough to create customer engagement, although this is reinforced by customer satisfaction. To achieve connected customers, satisfaction is compulsory. For example, when a complaint is made, it has to be managed by front-line employees as they have the function to satisfy correctly and in the given conditions the customer. According to the same authors, these employees with a proper attitude, influence positively the level of customer engagement and satisfaction more strongly during a service failure (when the service is not delivered well to the customer or when there is flaw that has to be fixed) than in situations of initial satisfaction, and it is normal because in these cases the interaction is higher.

Doorn *et al*., (2010) as cited by Cambra-Fierro *et al*., (2014), said that a customer that is engaged can raise the reputation and financial value of firms. This is valuable for future sales as loyal customers can spread positive insights about a firm to other people. These ideas are predominantly pertinent to the service sector, where firms strive to highlight the tangible features of their services and prove their capacity to fulfill customer expectations. Examples of companies that invest on this are:

Best Buy (2013)

Best Buy knows that when customers buy something, it is not only for the product, they want the whole experience linked to the brand encounter (Pearson, 2013). In 2016 they were planning to invest $100M to $120M in three areas, in which one of them is concerning the Customer Experience Initiatives for online and brick-and-mortar (i.e. Training and Incentives for In-Store Associates) (Dignan, 2015).

Best Buy is constantly trying to educate its employees. Some of the measures taken by Best Buy are: increase of sales training; incentives to improve sales and customer satisfaction scores; and alteration of shifts to ensure that employees with the most experience are in the store throughout the busy weekends.

With the right training and the Best Buy RewardZone (Loyalty Program that includes data of past purchase patterns and preferences) employees have the tools to understand better customer needs and so there is a more efficient customer service (Pearson, 2013).

Apple (2012)

Apple Store customers are known to do all kind of things in these stores, from the simple act of buying something to proposing their soul mate in the middle of the store. People like a lot Apple store, because this company trains its employees to follow five steps of service to deliver an enhanced customer service from the moment a customer enters the store until he leaves it with sensation to come back soon. Apple uses its name as an acronym of five steps to follow A-P-P-L-E, and they stand for:

- A – Approach customers with tailored warm welcome;
- P – Probe respectfully to comprehend all the customer's needs;
- P – Present a solution for the customer to take home today;
- L – Listen and resolve any issues or concerns;
- E – End with a caring farewell and an invitation to return

Investing in the training of the employees with product knowledge and the soft skills needed to interact with empathy with customers, is crucial in this process (Gallo, 2012).

AT&T (2011)

Similarly, AT&T also has a six step process for a better service, and they are:

- Greet and Approach – Establish an initial connection;
- Build Value – Ask precise questions to understand the aim of their visit;
- Offer Solutions – Understand customer needs;
- Gain Agreement – Develop Rapport with the customer;
- Walk Out Working – Educate customers about how to fulfill their needs with the suggested products;
- Thank and Depart – Treat the customer as a guest and thank him to be a customer.

Paul Roth, the President of Retail Sales for AT&T told Carmine Gallo that retail store customers value workers who were smart, friendly and fast. Therefore this company, trains its employees to be smart (Knowledge about the products), hires for their attitude (Friendly) and give them tools like iPad to deliver quick service (Fast) (Gallo, 2011).

After these three examples, it can be noticed a similar pattern between three major retailers. Apart from the service companies, that have customer experience as their main issue, retailers who bet on customer experience are aware that to do it well, they need to train their staff and offer them the right tools to do it efficiently.

2.5.2 | Digital Signage

According to Dennis *et al*., (2014:22) Digital Signage is "*an effective, controllable in-store experience provider*" that highlights content in digital display for consumers (advertisements, community information, entertainment, and news). It displays communications that are tailored to deliver consumers with: intellectual or affective experiences (Brakus *et al*., 2009). Example of it is the Posnania shopping center in Poznan, Poland. They installed two touch tables for clients to take selfies, seven video walls, and various LCD displays to deliver information (Digital Signage Today, 2016).

According to Hughes (2012) in the future, Digital Signage will be used for dynamic and targeted store promotions, whether they are inside or out. Digital Signage are active and vibrant signs that allow retailers to manage what information they want to send, whenever they want. This technology can keep a shopping outlet's scenery updated. Examples of it are companies selling food with breakfast promotions through it in the morning, coffee promotions in the lunch time and milk and bread promotions in the evening.

According to Ventura (2017), Digital Signage when applied to fast food chains, it can increase dwell times, which increases the chances of a customer to buy more. An example of a fast food chain using Digital Signage is one of the major fast food players, McDonald's (Digital Signage Connection, 2017).

2.5.3 | New Payment Methods

Traditionally, payment methods are defined as the way that a buyer selects to pay the vendor of a product/service that is also suitable to the vendor. Nowadays, it is usual to use cash, checks, credit/debit cards, money orders, bank transfers and PayPal as payment methods (Business Dictionary, 2016). New payments methods follow the same definition but instead of the traditionally used methods, alternative methods are introduced. For example, smartphone payments are a growing tendency (Ossolinski *et al*, 2014). Some examples of it are:

Apple Pay & Android Pay (2015)

Some of the new methods are contactless payments, as they are fast, easy and secure. According to UK Cards Association, more than £2500 million were spent only in the United Kingdom, using contactless cards in the first half of 2015. Simon Black, CEO of PPRO quoted by Preece (2015) believes that all of this is happening due to the development of digital era.

Because of that, services like Apple Pay and Android Pay are now present in more than ninety two thousand stores combined, varying from McDonald's, Lidl and BP. This method uses NFC technology and allows people by physical contact between their smartphone and the payment machine to automatically transfer the value of the money necessary (Preece, 2015). Similarly to it, Samsung is also implementing the one-tap "*tap and pay*" method by using also the NFC technology (Gerstner, 2016).

Amazon (2016)

Amazon apart from the aforesaid is taking a new approach. With the facial recognition software, the company wants to implement the payment with a selfie. The idea is for a computing device to capture an image of a user and examine it to try to identify the user's face. By authenticating a buyer's face, it allows him to authorize a purchase using a photo of himself instead of a pin or pattern password. Facial recognition is more secure than typing passwords which are susceptible of being robbed. Mastercard itself has also begun to test facial recognition in 2015 (Rao, 2016).

2.5.4 | Interactive Screens & Co-creation

There are two topics in the modern era that are combined many times and together create a pleasant experience for customers. The perfect combination of Interactive Screens and co-creation isn't new and it has been adopted by many organizations.

Interactive displays are a computer program or system based screens that interact with a human user to acquire data or commands and to provide instantaneous results or updated information (Dictionary, 2016). Co-creation is understood as a management strategy concentrating on customer experience. It allows a more active participation from the customer to create a self-pleasing experience (Business Dictionary, 2016). The objective of co-creation is to allow an active customer to participate in the creation process of a product/service and thereby to also interact with a firm in several phases, going from design to the consumption phase (Prahalad & Ramasvamy, 2004). Companies like McDonald's, Pizza Hut, Audi or Coca-Cola are some of the examples of this combination.

Coca-Cola (2009)

Coca-Cola in 2009 came up in the U.S.A with a project called: Freestyle. It consisted in a fountain with over hundred flavors (Fanta, Coke, flavored waters, etc.) and a touchscreen that allowed clients to mix flavors on the spot.The machine then sent all data metrics to Coke HQ (i.e. popular flavors, buying habits, etc) and it allowed the company to manage better the assortment of flavors available (Covert, 2009).

Audi (2012)

In 2012 Audi created a new retail experience named Audi City. The first store opened with this experience was in London near Piccadilly Circus. Using interactive screens, a power wall (i.e. place where the images were projected), move control (i.e. a mechanism to swipe options of the car projected in the power wall) the company's entire model line-up was accessible digitally in a compact space.

The customer then had the opportunity to customize every aspect of the car, from the motor to the interior or the tires. Additionally, there was also the possibility to ask for personal help through an employee that would help a customer guiding him and counseling in the best way to fulfill customer's needs in the private customer room (Audi, 2012).

Pizza Hut (2014)

Pizza Hut also wants to innovate their restaurants and customer experience by introducing an interactive touch table through the use of giant Microsoft PixelSense-style touchscreen. From this table, customers can order pizza created digitally by them. It rises the customer participation by guiding them through all the process of customization, ordering and paying it (Miller, 2014).

McDonald's (2015)

Later, McDonald's that has a store in Manhattan, created a new custom-burger concept "*Create Your Taste*". Through kiosks with large interactive displays, clients co-create their own burger choosing from the existing range of ingredients. With a special packaging and a bit more of waiting according to the usual waiting time for a normal menu, it is a premium service as it costs a bit more than the usual menu (more than $12). Overall, the testers praised the burghers highlighting the optional items that elevate the quality and the assortment may invite clients to come back (Bloomberg, 2015).

2.5.5 | Reverse Channels

Retail flow or process from which products that will be utilized in recycling or reused that come from the reverse flow, from customer to the organization. It's the backward flow of a material/good that will start its journey from the customer and will go to a manufacturer (icontact, 2016).

Reverse Channels are mostly used by companies that produce durable goods. The process used in the Reverse Channels is known as take back. Many companies use it because there are some regulations and policies in some countries requiring manufacturers to gather and recycle their goods, or partner with other companies that could do on their behalf. The implementation of Reverse Channels helps to reduce the volume of waste (Toffel *et al.*, 2008)

For example, brands like H&M, TerraCycle or Decathlon use this trend and for example, the last one has a service named Trocathlon, where customers can sell and buy used sports material. It promotes the reuse of products that people are no longer using (Decathlon, s.d.). Other companies like IBM also participate in similar programs, where they have partners that collect IBM logged computers from customers and ship them back free of cost and under some conditions back to IBM (IBM, 2017).

2.5.6 | Retailtainment

Retailtainment is the combination of retail and entertainment. It is primarily to deliver hedonic experiences and it came from the need of retailers to attract consumers to their stores. This concept was initially introduced by Ritzer (1999) in his book. He described Retailtainment as the management of emotion, atmosphere, and sound to influence customers to buy.

This new format intends to fill consumer's different needs, wants and expectations. Consumers want a holistic experience that raises their mood with high levels of pleasure and arousal (White, 2010).

For example, Kidzania in Portugal allows children and their families to enter a world for a day, where the kids can act and live like adults by getting jobs, earning money, studying, driving and all the activities a grown up normally does. And at the end of the day, when kids are leaving the world, they can buy something to take with them from the money they earned (Kidzania, 2017).

There is also Lego Land, an indoor experience for families, where they can enjoy a whole day with many activities like 4D cinema shows, rides, LEGO MINILAND and much more (Lego, 2017).

A third example could be House of Barbie in Shangai (China) that allowed visitors obsessed with the Barbie World to live a holistic experience. But it closed down two years after opening with no justification by Mattel. It inaugurated in 2009 and closed in 2011. While it was open, visitors had to their disposal many entertaining activities that went from learning to sing and dance to the Barbie Girl song to visiting the Pink Spa or getting their hair done or even to shop over 1600 items tailored to Barbie's fashion preferences (Beaton, 2011).

2.5.7 | Storytelling

Consumers find stories every day, whether they are culturally significant, learning of morals, or entertainment. Storytelling is used by retailers as a tool of communication to influence consumer purchasing behavior. Normally, it is difficult for a salesman to effectively create rapport adding value to a consumer in a short period of time. Stories help to quickly communicate great amounts of information in a structured yet enjoyable way. It starts with a good/service and it creates a story around it (Gilliam *et al.,* 2013).

One great example is Build-a-Bear company. They don't just sell teddy bears, they sell an exciting customer experience by giving customers the chance to build their own bear. They created a process which a customer follows ba process, by picking in every step a different characteristic of his teddy bear that goes from his name to his clothes, creating this way a story in every detail (Build-A-Bear, s.d.)

Another great example is the Guinness Storehouse. People visit it not only for the beer but for the whole experience involved. Located in Dublin, Guinness Storehouse allows customers to go on a journey. It is an experience that goes through its seven floors packed with interactive experiences that combine the company's extended brewing heritage with Ireland's history (Guiness, 2017).

2.5.8 | Store Mood Zones

When people spend more time in a shop, their mood starts to negatively change and they are less likely to explore the store. Instead, they concentrate on the zones where they can find what they intend to buy (Hui *et al*., 2009). To make them feel more relaxed and less stressed, it is necessary to enhance positive moods.

Store mood zones is a strategy to influence costumer's moods when in-store. The creation of different experiences inside the store in different zones can be positive to influence different customers at the same time. This can be achieved by re-designing some strategic zones using consumer insight and a planned retail design (Novikova, 2015).

Or it can also be achieved by using things like music to stimulate customers as Yalch & Spangenberg (1993) did in an experiment conducted in American apparel chain store in the northwestern part of United States of America. Results showed that by playing the appropriate music for a specific department, buyers perceived departments to be better and it led them to purchase more.

2.5.9 | Hybrid Stores

Hybrid Stores are the mix of different business areas in the same outlet. It offers different products that can be complementary or not, creating pleasant experiences for the customer. It can either be a hedonic or utilitarian based strategy that seeks to attract new customers, retaining them more time in-store and influencing them to do impulse purchases. It is a new method to engage the customer and deliver an innovative customer experience (Yourdictionary, 2016; Wisegeek, 2016).

A recent store applying this concept is Baeta.Café. It opened in Lisbon on March 2015 and it’s a combination of the barber shop, coffee shop, and a tattoo parlor. While the customers are waiting to get their hair cut, they can sit back and relax by the company of light meals or some juices. It has a welcoming ambiance as it is decorated with warm colors, vintage style, and comfortable furniture. It is a hybrid solution to entertain customers (Guerreiro, 2015).

Another great example is Louis Vuitton. In 2013, the company launched a new store in Venice where they didn’t sell only their products but they also clients with the opportunity to appreciate art pieces. They added a gallery to showcase some art works (Lister, 2014).

2.6 | Convenience Stores

After presenting the concept of store atmosphere and what is being applied worldwide in different retails formats, it is now necessary to verify what can be implemented in convenience stores, as it is this dissertation's main goal. Therefore, the following topics will be to analyze some key aspects like the definition, characteristics, evolution and the growing opportunities of convenience store market.

2.6.1 | Definition and Characteristics

Convenience Stores or c-stores are a type of retail format that focuses on offering characteristically limited to high-convenience products and food items that consumers often use and need rapidly, such as milk, bread, toilet paper, soft drinks, and ready to go foods (Nielsen, 2015).

Consumers care about value, cost and convenience (Watkins, 2014) and today they want retail formats that are in convenient locations, operating for extended hours where they have grab-and-go food service and convenient products that are delivered fast and with easy transactions (Convenience Store Decisions, 2016).

C-stores can be divided into six formats: Kiosk; Mini Convenience Store; Limited Selection Convenience Store; Traditional Convenience Store; Expanded Convenience Store; Hyper Convenience Store. The key difference between these formats is the size of the store. The smaller ones (Kiosk) have less than 72 m^2 and the largest (Hyper Convenience Store) go until 450 m^2. Normally all of them stock at least 500 SKU and some of them are open twenty-four hours a day. Many are linked to petrol stations so that firms can rely on other revenue streams apart from the sale of gasoline (NACS, 2016) because with the fuel price fluctuation the customer consumption of other products also varies (Convenience Store Decisions, 2016).

2.6.2 | Global Market Evolution

This format is in the path of evolution and its continuous growth is largely influenced by changes in socioeconomic and demographic aspects in the world. It is believed that due to development in technology and e-commerce the demand for convenience will not slow down (Nielsen, 2015).

The convenience store channel is believed to be the quickest growing grocery off-line channel worldwide to grow 6.7% per year until 2019 (PlanetRetail, 2014). In an era where everyone is hyper connected and well informed, consumers have increased their expectations in terms of quality/price relationship for product/service. Also, with a growing number of players entering the convenience space, the competition intensifies even more (Euromonitor International, 2016).

To survive, retailers have to constantly innovate and find new solutions to achieve competitive advantage. One great example of a c-store chain is Wawa in the U.S.A with more than six hundred stores. In 2012 they went digital after a twenty-five store test run featuring Digital Signage. Even Mitt Romney was impressed by Wawa's stores with touchscreen Digital Signage self-ordering technology (Hall, 2012).

2.6.3 | Portuguese Market

In 2015, portuguese economy improved and that has to do with the decline of unemployment rates that brought more financial stability and a higher purchasing power for many people, improving this way the general retailing situation of the country.

With less time for shopping, consumers gradually want places next to their home or office, with fresh and local products aligned with tailored care. This situation allowed for the emergence of smaller retail formats that now are recovering their space in the market dominated by bigger commercial outlets.

Furthermore, with the e-commerce growing, consumers are getting more and more interested in retailers strategies that competently combine the internet with a brick and mortar, one example is the click and collect service that some retailers use. A customer through the internet using a company's website or probably an app, can shop online and then collect it at a store (Weinswig, 2015).

Consumption in Portugal is growing, and although non-grocery product's consumption grew more, the fundamental grocery items remained in the priority consumption list of the Portuguese in 2015 (Euromonitor International, 2016).

An example of growing opportunities is the trial partnership between the fuel company BP and retailer Pingo Doce with the concept Pingo Doce Go. In 2015 this two firms installed a Pingo Doce branded c-store in a BP petrol station in Lisbon (Pereira, 2015). The trial went well and they opened a second store at Restelo with 140 m^2 and active twenty-four hours a day (Brito, 2015).

A similar partnership exists between GALP and Sonae, in which through GALP's Tangerina stores more than €25M were made in 2013. J.F.Torneiro, director of Marketing R&D

at GALP Energia believed in the potential of the convenience market and also revealed that it is important to incorporate tech based innovations to attract even more customers (Briefing, 2014). Normally in Portugal a c-store needs to: have 250m^2 or less, operate minimum eighteen hours a day and stock an equilibrated assortment of food items and high convenience products (Portal do Cidadão, 2016).

2.6.4 | Growth Opportunities

The potential growth of c-stores is great and there are several opportunities to be seized. Without a doubt, food service is the first major opportunity for convenience stores, it is a $13.000M industry(Convenience Store Decisions, 2016). On-the-go' meals are a fast growing sales category and organizations such as Chiquita and Ready Pac Foods (on-the-go product companies) are coming up with different products to fulfill this needs (Hughes, 2012).

Healthy, Fresh and Natural foods are also growing opportunities, many c-stores like Nice N Easy and hybrid grocery/c-store like Green Zebra Grocery have started to offer it (Blank, 2014).

With populations getting older, a community focus will be important to local consumers (Watkins, 2014). Not only will c-stores need to localize and adapt to communities, they will also need to sell multinational brand products that people expect as part of their shopping experience to embrace this second opportunity (Hughes, 2012).

The third opportunity comes from the price sensitive consumers. There are about 40% of European shoppers that know most prices and notice when it changes. Consumers carry value for money and that is exactly what discount stores take advantage of. The modern convenience store will need to take into account the price they offer to customers to maintain competitive and to grow (Watkins, 2014).

Another important topic and the fourth opportunity is communication and information technologies. They represent the core of a convenience store's capability to increase competitive advantage and provide a pleasant customer experience. Touchscreens, Wi-fi access, Digital Signage, self-service checkout and other technologies combined with new strategies can elevate the customer experience and enhance convenience store's growth (Hughes, 2012).

2.6.5 | Future Trends Being Applied in Convenience Stores

2.6.5.1 | Front-line Employee-Customer Interaction

Keeping your front-line employees motivated is a challenge that many firms face. As mentioned in **2.5.1** these employees are the first layer that interacts with customers and represents the brand. So in order to guaranty that they perform well and deliver a good customer experience, companies need not only to train them but also to engage them through incentives.

QuickChek, RaceTrac and Ricker Oil are three c-stores in U.S.A that look up closely for their front-line employees. For example, Ricker chain uses points based variable compensation program to reward employees relying on their individual metrics previously defined. In this way, they succeed in lining up the firm goals with the employee goals. On the other hand, RaceTrac understood that apart from the money incentives, employees also want attention so they now have other non-financial rewards, a Service Award per year and lots of meetings to retract feedback. Finally, QuickChek also follows the same principles and tries to maintain engagement levels high (Rigik, 2014).

2.6.5.2 | Digital Signage

The C-store chain 7 Eleven with the help of the tech company Engagis, ran some tests on some of their outlets to see the impact of Digital Signage. It went so well that it raised their sales of promoted items by 400%. With the best technology available, 7 Eleven with the help of a data science firm, guaranteed delivery of personalized promotions to the right customers and at the right time. The personalized content with dynamic technology helped to target efficiently (Writer, 2015).

As already mentioned earlier, Wawa c-store chain also used Digital Signage to enhance sales. Another example would be Albert Heijn's AH to Go chain in the Netherlands that has evolved into a digitally dedicated convenience chain, with Digital Signage to deliver an enhanced customer experience with different offers depending on the time of the day (Thomson, 2013).

A third example could be the Maverik convenience stores, that installed Samsung smart signage display panels at their 270 stores throughout U.S.A. They installed it around the stores to promote products/services and to connect with a customer with the company's brand. They seek to get the attention of the customers by using smart controls, that allow to regulate display brightness, adapting them to the atmospheric conditions of each store (Haynes, 2016).

2.6.5.3 | Interactive Screens

Regarding the examples mentioned earlier, companies like 7 Eleven (Writer, 2015), Wawa (Hall, 2012) or others like Sunoco's (NACS, 2014) convenience stores (technology by VeriFone named LiftRetail) use Interactive Screens either to upscale sales or to display real-time targeted offers and up sell opportunities to the customer. With this technology, customers can touch the screen to accept the offers, look for information about the company or the product or either just buy things.

2.6.5.4 | New Payment Methods

Apart from the traditional payment methods, retailers are now adopting alternative ways and one of them is NFC technology based Apple Pay. In the c-store sector, there are already two players, Spar and M&S Simply Food, using it in their stores (Peckam, 2015).

Another example would be QR codes used by Albert Heijn's AH to Go chain (Thomson, 2013). To use QR codes, a customer only needs to point the smartphone camera on a printed QR code and receive the data about the total cost of the buying.

Even though NFC technology is easy to use, not every smartphone has a NFC chip, and not even most retail companies hold NFC readers at their stores. In contrast, 99% of smartphones have what it takes to read QR codes (Kazovskaja, 2016).

2.6.5.5 | Hybrid Stores

Hybrid stores can be used for utilitarian purposes or hedonic. In the case of convenience stores, it goes utilitarian. For example, a parapharmacy inside a convenience store sells convenient products that customers are willing to pay more. There is even an example of it in England. A big retailer named Sainsbury opened another c-store in 2014 with a pharmacy inside Guy's Hospital in London. It provides clients with both healthy foods and prescriptions (Sainsbury, 2014).

Another concept that might work is integrating fast food service. C-stores could do it by themselves or they could partner up with existing fast food chains. For example, 7-Eleven, Wawa, Sheetz and other c-store chains in the U.S.A improved their food service by offering not only convenient but food with enhanced quality and taste by selling themselves not roller hot dogs or heated pizza, but instead healthier and customized food (Blank, 2014).

Fast food companies are losing their customers to this c-stores and this retail format is improving its food offer, so there is an opportunity to partner up and create a hybrid solution also.

2.6.6 | Trends to be tested in a C-Store

The first phase of research dedicated to new trends, initiated by categorizing ten trends used in Retail by different retailers worldwide to influence the customer experience. Afterwards, the research slew from a broad spectrum of companies to only c-stores. And in the c-store market, there were only some of the initial trends being used by companies.

The lack of examples of trends like Retailtainment, Reverse Channels, Storytelling and Store Mood Zones being applied in a convenience store context can be justified due to the characteristics of a convenience store. Reminding the Situation Moderators from the Verhoef *et al.*, (2009: 32) each store has its format, location and other characteristics attached to it and c-stores are meant to have a limited space (Nielsen, 2015), short assortment (NACS, 2016), high convenience products with easy transactions and a good location (Convenience Store Decisions, 2016).

However, the total customer experience is not only about Situations Moderators. It is also influenced by Consumer Moderators. Usually, this retail format is more suitable for the utilitarian purchase oriented clients and they do not seek as much for hedonic experiences (Kaltcheva & Weitz, 2006).

Utilitarian purchasers care more about value, cost, and convenience (Watkins, 2014) rather than entertaining environments when they visit a c-store. Also, Loureiro *et al.*,(2014), recommended that for utilitarian services, products needed by customers, at a fair price and occasionally providing an enhanced customer experience is better than to go for hedonic strategies.

That is why maybe it was not possible to find any scientific evidence of trends like Retailtainment, Reverse Channels, Storytelling and Store Mood Zones being tested in a convenience store context. Also, it was not possible to find any example of real companies testing these in their c-stores.

From the **Chapters 2.5.6** and **2.5.7**, it was possible to notice that Retailtainment and Storytelling are hedonic based trends that deliver entertaining experiences and that is not either the purpose of c-stores nor the suitable value proposition for utilitarian customers, making these trends less fittable to this format.

Concerning the size and the assortment of c-stores, for Reverse Channels and Store Mood Zones it is necessary a bigger space and a more amplified assortment to employ them and that is not what c-store format represents.

Based on the earlier reasons, Retailtainment, Reverse Channels, Storytelling and Store Mood Zones will be not studied furthermore. The aim of this dissertation is to study new trends for store atmosphere in Portuguese Gas Station Convenience stores and ***Table 1*** synthesizes which of them could be studied to apply in this retail format.

Trends that will be studied to see if they fit c-stores are: Interactive screens, Co-creation, Front-line Employee-Customer Interaction, New Payment Methods, Digital Signage and Hybrid Stores. The following table holds foundation in all the before mentioned reasons. So taking it into account, further investigations will test all the future trends demonstrated to be applicable for testing.

Table 1 - *Future Trends to be tested*

Trends to be Tested		
Future Trends	**Examples in C-store sector**	**Examples of other sectors**
Front-line Employee-Customer Interaction	QuickChek, RaceTrac and Ricker Oil	Apple; AT&T; Best Buy
Digital Signage	7 Eleven; Wawa; Albert Heijn's AH to Go; Maverik	The MS Café at the Muzeum Sztuki in Lodz; Nike Pop Store
New Payment Methods	Spar; M&S Simply Food; Albert Heijn's AH to Go	Amazon; Lidl; McDonald's; BP
Interactive Screens	7 Eleven; Wawa; Sunoco's	Pizza Hut; McDonald's; Audi; Coca-Cola
Hybrid Stores	7 Eleven; Wawa; Sainsbury	Baeta.Café
Co-Creation	Wawa	Pizza Hut; McDonald´s; Audi; Coca-Cola

3 | Methodology

To increase the legitimacy of any study, a logically structured investigation should be carried. That is why primary and secondary data are important (Chuch, 2002) and have been used in this dissertation. Research in this study followed a sequential approach of structured methods moving from a research of theory (secondary data) to field investigation (primary data) (Bryman & Bell, 2007).

The first phase of research began by identifying existing and used methods to influence the customer experience. Store atmosphere was one of the topics that moderated customer's buying decision and sensorial atmospherics were found out to be one of the most used techniques.

Following to this, a new research was developed to find what holds next in the future for the companies to apply in their shops. From the several trends only some of them were considered to be tested (Digital Signage; Interactive Screens; Co-creation; Front-line Employee-Customer Interaction; New Payment Methods and Hybrid Stores).

Before emerging to the second phase (the empirical research), it is necessary to establish what objectives are targeted to be accomplished when testing the earlier trends, and which methodologies are proposed to test them.

The chosen approach was to run exploratory and qualitative research because for most people, some of these trends are new and the lack of empirical information on this subject shows that there is room for new findings for store atmospherics. ***Table 2*** presents for each trends its proposed research questions and the suggested methodology to test them.

To obtain more dependable results, the exploratory and qualitative research was done with the help of a renowned Portuguese company in the energy industry named GALP Energia. GALP manages several activities, going from natural gas supply and distribution to petroleum products exploration, production, and refining (GALP Energia, 2017).

The company holds presence not only in Portugal but also in other countries. It is known that in Portugal they have convenience stores in their gas stations, where they sell high convenience products like many gas station convenience stores throughout the world. The existence of c-stores in their gas stations was a great plus to partner up with them. Also, GALP wanted to test some new communication materials in their c-stores, and that also helped to work together.

Table 2 *- Methodologies and Objectives for Testing Trends*

Trend To Be Tested	Research Questions (RQ)	Proposed Methodology to Test
Front-line Employee-Customer Interaction	RQ1 – Would Front-Line Employee-Customer Interaction make users feel more valued?	Focus Group
Digital Signage	RQ2 – Does Digital Signage capture attention of the buyer?	Virtual Reality
New Payment Methods	RQ3 - Would New Payment Methods make users feel secure using it?	Focus Group
Interactive Screens	RQ4 – Would Interactive Screens make users feel it has a high utility?	Focus Group
Hybrid Stores	RQ5 – Would Hybrid Stores make buyers visit the store more times?	Focus Group
Co-Creation	RQ6 – Would Co-Creation enhance user's satisfaction?	Focus Group

The ideas for the subjects tested were researched throughout the internet. Some are still being tested/developed, others have already been tested by several companies.

Following the ***Table 2,*** the second phase of research was based on collecting primary data. It started with a Focus Group. This methodology was used because it allows consumers to better explain the motives behind their reaction to a presented idea (Barnett, 2002). The main benefit of focus groups is it synergetic nature that influences the participants to interact and this way this technique delivers better data and in bigger quantity when compared to individual interviews (Keown, 1983).

The experiment had nine participants (both males and females), to whom open questions about new trends (Interactive Screens; Hybrid Stores; Co-Creation; New Payment Methods and Front-line Employee-Customer Interaction) were asked and images and videos were showed to stimulate them.

All of the participants were Portuguese, ranging from twenty-one to fifty-six years old, had at least high school finished, possessed a car, and had been at least once in GALP's c-store Tangerina in the last year.

To avoid influencing opinions from people specialized about the discussed topics, the participants were chosen with special care, making sure that they had no previous association (Barnett, 2002).

A script (**Annex 1**) with open questions was followed and in the final of a 1h35m long focus group guided by a moderator, all the participants were asked to fill in a small questionnaire (**Annex 2**) with their socio-demographic information, evaluation of the subjects discussed in the Focus Group and number of visits to a Tangerina store.

In the end of this phase, a table of results was elaborated based on the audio recorded material from two recorders and the answers from the questionnaire. Finally, each and every participant was rewarded with a gift for participating in the experiment that took place at ISCTE-IUL in Lisbon.

Next, similarly to a method used by Tiainen *et al.*, (2013), the third and last phase was the elaboration of an exploratory and qualitative experiment based on a Virtual Reality device with a walk in virtual environment controlled with a joystick in which participants could browse the virtual store.

Virtual Atmospheres with their immersive worlds make users interactively engaged themselves in the ideologies presented (Ford, 2001). That is why this methodology was used, to engage people with a representation of the real store with some modifications. The Virtual Reality material was elaborated by external entities, namely architects.

With the support of GALP Energia, this initiative took place in a Tangerina store at Estoril, in a pre-chosen date from 8h30 to 15h00 where randomly fifteen of the store clients were asked to participate. Participants were requested to wear a machine named Oculus Rift, where they could see a modified version of the store with a new trend incorporated.

There were some questions that they had to answer before immersing in the virtual world, and while they were navigating in the virtual world, they were also asked some questions (**Annex 3**). The answers were registered by hand.

The trend tested in the virtual reality were strategically allocated Digital Signage inside the store to stimulate the participants with various GALP's communications about their products/services. Along with the notes taken by hand, another method to collect data was by directly observing the participants reactions through a monitor.

While they were with the Oculus Rift glasses exploring the virtual store, their movements were being tracked in real time by analyzing what and where they were looking. In the end, each and every one was rewarded with a prize money to buy something from the convenience store itself.

4 | Analysis

The section **2.6.5** contained some of the examples of trends being used in convenience stores over the world. But the lack of research on the outcomes of these trends led to this dissertation. Following the literature review on the previous sections and considering the particular case of convenience stores being studied here, the subsequent analysis will be divided into two major sections: Focus Group Analysis and Virtual Reality Analysis.

Reminding Wolcott (1994), the objective of this section is to describe, analyze and interpret the data collected from the two experiments aforesaid. Hereafter, try to deliver insight on the influence of the trends on store atmosphere and relate them to the literature review. To facilitate this process, several insights will be presented in topics.

4.1 | Focus Group

The present chapter will be sub-divided by themes. It starts with a socio-demographical description, henceforward it will be interpreted the information collected from the focus group where participants gave their insights on the open questions asked by the moderator.

As already mentioned, the tested ideas were Interactive Screens with multi usage and combined with other trends (for Co-Creation and two swap client card accumulated points from past purchases with rewards); NFC Payment Methods, Front-line Employee-Customer Interaction and Hybrid Channels (For Healthy, Fresh and Natural food assortment and variety enlargement; introduction of a parapharmacy; and integration of Photocopy Machines in c-stores as complimentary service).

4.1.1 | Socio-Demographical Data (Audience)

All nine participants were assigned to the word “Participant” following the respective letter from A to Z (i.e. Participant A) to avoid mentioning their real names, as they are confidential (**Annex 4**).

The audience was composed of four male and five female participants. With the average age of thirty-five years old, ranging from twenty-one to fifty-eight. One graduated from high school, two had Master’s degree and the rest had bachelor’s degree. The average income was from thousand euros to two thousand euros. Six of them had a full-time job.

The one thing that the nine of them had in common was that all had their own car and visited at least once Tangerina convenience store in the last year. Between the audiences, it was more usual to visit it in a metropolitan area than in long course travels.

4.1.2 | Hybrid Stores

Over the years retail has been changing and the convenience store market is also changing. In the United States of America (U.S.A) fast food chains have been an essential part of many convenience stores as we saw earlier. Incorporated in the same space, a c-store and a fast food chain share merit. In Portugal, the reality is different mostly because of the size and shape of the stores. Here the stores are shorter and not as much developed as in other countries of Europe (Weinswig, 2015) or U.S.A.

Nevertheless, the idea inspired by 7-Eleven, Wawa, Sheetz (Blank, 2014) was tested and when participants were asked about their opinion, it divided them in different thoughts. Some very important inputs were given by them. Even though some believed it might be a good idea to implement, i.e. Participant **A** (Product and Innovation Manager) enthusiastically shared "*I would love to see a McDonald's because it is an experience at a reasonable price and it couldn't go wrong*", others immediately refused it to be achievable. Participant **E** (Operations Director) started by saying that "*none of this would result, because there are regulations that don't allow it*" and right after with a complementary argument Participant **H** (Student H) remembered that "*not all surfaces have what it takes to implement it due to the huge space that it could occupy*". This idea was not completely taken out of the plan, but it couldn't get unanimity.

Another Hybrid Store concept discussed was the idea inspired by Sainsbury, that in 2014 opened a c-store with a pharmacy in England (Sainsbury, 2014), a parapharmacy inside a c-store. It instantly collected the acceptance of the audience. There were even people like Participant **I** (Entrepreneur) that affirmed: "*If I really needed to buy something urgently, I would be willing to pay more for it"*. It was a common belief that it would be a convenient service for a space that promotes convenience. There was one issue that also captured everyone's support, Participant **A** (Product and Innovation Manager) said that "*there has to be employees in the store with technical knowledge about the pharmaceutical products in the store to sell it*". It was an attentive input as it brought up important issues like how to transmit the reliable and trustworthy image to the service.

The third concept was the addition of a photocopy machine service. This was not previously mentioned as it was a self-created idea due to its convenient characteristics that were tested and in terms of utility, it generated high patterns of support. The first thought that came by in everyone's mind was that it would probably be another expensive service, but all agreed that it would not be a day-to-day used solution, it would be more for emergency cases, for example when at night all the other establishments would be closed and someone needed urgently to copy some documents, this would be the wisest alternative. It would be seen as safeguard option for students. One of the best examples was given by Participant **E** (Operations Director), he believed that "*For a student, it is good, for example when he is doing overnight work. And if the establishment was open 24 hours, even better. It would take someone to take a pen drive and it would work".* This was another high satisfactory solution discussed.

The last concept tested was the Healthy, Fresh and Natural food assortment and variety enlargement. As already mentioned in section **2.6.4**, the Portuguese market for c-stores holds great opportunities and although non-grocery product's consumption grew more, the fundamental grocery items remained in the priority consumption list of the Portuguese in 2015 (Euromonitor International, 2016). That is why the integration of healthier food and then the incorporation of fresh and natural food was tested. Participants were stimulated by some images of detox juices, salads, fruit or healthy meals.

Even though the overall response was positive, all agreed that this solution would be more expensive than fast food. Some would pay for it because they see their body as a temple, for example, Participant **C** (Driving School Businesswoman) said: "*Health has much value for me and I prefer to pay more two or three euros for healthy food rather than five or six euros for menus from the fast food chains*". Attending to the last quote, it indicates that there is an audience for this kind of solutions and it should be considered.

4.1.3 | Interactive Screen (combined with Co-Creation)

Connected to fast food chains, there is a new trend being applied to elevate customer experience, and that is the **Co-creation** of a meal through an interactive display. If c-stores in Portugal start integrating hybrid solutions like a fast food service, then they can also use these screens to allow customers to self-order and co-create their meals.

In order to check if it represented a good idea, participants were asked about their opinion on this matter and the answers converged to a simple idea: it is easy, fast and efficient. Not all of them would use them, but the ones who already experienced it had some strong positive beliefs.

For example, Participant **F** (High School Teacher) said that "*I would put attendance by employees and by self-service using this technology both simultaneously*" but Participant **A** (Product and Innovation Manager) promptly said that "*I prefer the machine because it does not make mistakes and it also doesn't do up-selling. In this way I avoid the antipathy of certain employees*" and similarly Participant **E** (Operations Director) also defended it by stating that "*I* *prefer it because I don't have to justify my choices to the cashiers*". In terms of utility, it gathered general acceptance because most of them believed that machines are more efficient than humans, but in the end, there were still people like Participant **F** (High School Teacher) that prefer not lose human contact and still try to maintain the best of both worlds.

Also the option based on the Best Buy RewardZone (Pearson, 2013) of switching client card accumulated points from past purchases for rewards but through the interactive screen was tested and even if it didn't create much excitement or showed possibilities to elevate customer experience, it was better accepted as participants believed it would avoid confusions and judgments from other customers in the store or employees.

The one thing that could make them accept **Interactive Screens** totally, was if it diminished the waiting line in the encounters. Still, the major concern was that machines may be efficient but they can't solve some problems that a human can and a machine doesn't understand the client, also it loses the connection.

Overall, this theme divided some opinions, but in the end, they have one thing in common, all admitted that it is going to be present in our daily lives in the future and it is an efficient solution to humans.

4.1.4 | Front-line Employee-Customer Interaction

This is not a completely a new trend in retail, but it can be molded to the modern era. In the present days similarly to what Best Buy uses in their stores (Pearson, 2013), there are customer loyalty cards that when scanned by information technology, it allows companies to build a database where they save customer's choices and personal information. This information can easily be used to please customers with targeted offers or to create rapport.

For example, whenever a customer goes to the cashier to pay something and if he gives to the employee his client card, he can easily see what the client's name is and treat him with "Mr./Mrs. (His/her name)". This creates empathy, and example of that is a statement made by Participant **E** (Operations Director) "*I value when at GALP's gas station in Alfragide, the employees recognized me and greet me*".

It is also a motive to come back or to be a frequent client because it makes clients feel welcomed. Participants, in general, shared the same opinion, as Participant **F** (High School Teacher) who affirmed: "*Whenever there are problems, if there is a helpful worker, it represents great value*".

Like Apple (Gallo, 2012) companies should train well their Front-lime employees to engage properly with clients, so they can add value and consequently it can increase the chances for a company to make a customer come back. Not only it helps to retain usual clients, but it also boosts the probability for companies to increase their customer base by acquiring new customers.

4.1.5 | New Payment Methods

Payments with **NFC technology** through the use of smartphones like Apple, Samsung or Android Pay was also tested. When asked about their thoughts on this topic, Participant **H** (Student) began by saying it could be a good solution, by remembering that sometimes people don’t have their money with them or forget their wallet, but they carry almost always their smartphone.

Participant **E** (Operations Director) agreed with her, but affirmed that he “*does not trust in any electronic device to do a transaction”* and he also affirmed that he was against contactless payments. He suggested that he would prefer much more to scan all the products with his smartphone during the shopping process and in the final pay for everything in the encounter with debit/credit card rather than paying with his smartphone because “*every security system has its expiration date”*. And when he claimed the previous issue about security, everyone agreed with him.

That is why New Payment Methods was not very well accepted. The audience didn’t believe it to be a secure option and prefer yet to use credit/debit cards.

4.1.6 | Overview of the results

Along with the insights gathered from the focus group (Overall Evaluation), the questionnaire asked participants to fill in by the end, was composed by four criteria to evaluate each trend: Level of Utility (i.e. if brings any advantage), Level of Attractiveness (i.e. if it made them curious or interested); Level of Innovation (i.e. it they believed the trend to creative); Level of Satisfaction (i.e. satisfaction with the service and the store atmosphere). The criteria were measured on a scale from zero to ten, where zero represented negative evaluation, five average, and ten excellent evaluation.

The questionnaire also contained questions about their socio-demographical information and the number of times they visited Tangerina store in the last two years. The questionnaire helped to elaborate the following table:

Table 3 *- Evaluation of proposed trends*

Proposed Solutions	Utility	Attractiveness	Innovation	Satisfaction	Most Relevant Factors	Overall Evaluation
Healthy Food	8.5	8.8	6.9	8.9	Utility, satisfaction e attractiveness	Idea Accepted
Fresh and Natural Food	8.1	8.4	8	8.5	Utility, satisfaction e attractiveness	Idea Accepted
Photocopy Machine	8	6.5	8.1	8.4	Utility, innovation e satisfaction	Idea Accepted with divided opinions
Parapharmacy	8	8	8	8.8	Satisfaction	Idea Accepted
Fast Food Counter	6.8	6.4	3.8	5.6	Utility	Mixed Opinions
Interactive screen for co-creation	8	7.1	6.5	7.3	Utility	Positive yet mixed opinions
NFC payments	6	4.6	6.4	5.1	Innovation and Utility	Mixed Opinions
Interactive screen to exchange client card points	7	5.9	6.9	7.8	Satisfaction	Indifferent
Frontline Employee-Customer Interaction	9.1	9.1	6.3	8.9	Utility, satisfaction and attractiveness	Idea Accepted

Joining the outcomes from the table and the insights from the Focus group, it is possible to affirm that the Research Question (RQ) number 1 (**RQ1**) from the ***Table 2*** was positively verified. Front-line Employee-Customer Interaction ranked the highest from all the trends in three criteria (attractiveness, utility, and satisfaction) and is the most valued trend.

It can be a game changer because it makes customers feel more valued. Gounaris (2008) affirmed that customers hold high value when influenced by a correct and well-mannered treatment by employees.

However, **RQ3** was not as much successful as **RQ1**, because it was not positively verified. It ranked the lowest scores in terms of attractiveness and satisfaction. Although New Payment Methods can represent a great potential in the future, in the present they are not very well accepted, due to lack of trust on security issues.

What doesn't have any negative trust issues or doubts attached to it, are now the service add-ons like Parapharmacy, Photocopy Machines, and Healthy, Fresh and Natural food. They are really valued and some customers are ready to pay more for it if necessary for the services and consequently, it could be a trigger for more visits to the store.

Consumers care about value, cost and convenience (Watkins, 2014) and the previous hybrid solutions make the **RQ5** a question to be considered by managers in the near future. Also, the average scores of the three ideas combined in terms of utility, attractiveness, and satisfaction indicate potential for higher visits to the store. This Research Question was partially verified.

Finally, **RQ4** and **RQ6** was all about utility and satisfaction and they were also partially verified. Interactive Displays combined with Co-creation have some potential to be explored. But it has to be well explored so that things mentioned by participants, such as waiting lines, human errors, up-selling and judgments can be avoided and in that way, it can be recognized as a high utility solution leveraging value not only for customers but also for companies.

Listening to customers can transform their feelings into dominant perceptions of a firm's business and it is subsequently converted into attitudes that affect their satisfaction (Carbone, 2004). Although it had a positive score, the results were not overpowering because there were some reservations in terms of its potential execution and outcomes.

4.2 | Virtual Reality

The current section is only about the new trend Digital Signage. Inspired by 7 Eleven (Writer, 2015), Wawa (Thomson, 2013) and Maverick (Haynes, 2016), this trend allows companies not only to communicate their products/services or promotions in store in a more dynamic way, but it also allows to create brand awareness and more targeted campaigns. In a meeting with the company GALP, some requirements about communication materials for their convenience stores were collected.

The firm wanted to test new communication for their daily menus, car washing service and the Pack Café (**Annex 5**). So the idea was to pick up Tangerina store's (in metropolitan areas) existing layout and upgrade it with strategically allocated Digital Signage screens throughout the store (***Figure 3***) and see if it captured customer's attention. Also if it influenced their intentions of buying the previous products.

Figure 3 *- GALP C-Store Interior in Virtual Reality with Digital Signage*

The methodology chosen for this experiment was as already said, a walk in virtual ambiance so that customers could explore the store (***Figure 4***). The experiment lead fifteen people to participate and all of them took about four to eight minutes maximum to fulfill the experiment.

It started with "Before Virtual Reality Experience" questions about consumer consumption habits and GALP's current communication material efficiency. Then they were again asked some questions "During the Virtual Reality Experience" about the stimulus captured autonomously and then induced by the moderator (related to what they noticed different from the original shop – if they saw the digital signage communication). Later it ended with some questions "After Virtual Reality Experience" about the menus evaluation. According to the explained sequence, the following results are divided in the same way, except the first and the third themes that were joined.

Figure 4 *- Participant using Virtual Reality machine*

4.2.1 | Socio-Demographical Data (Audience)

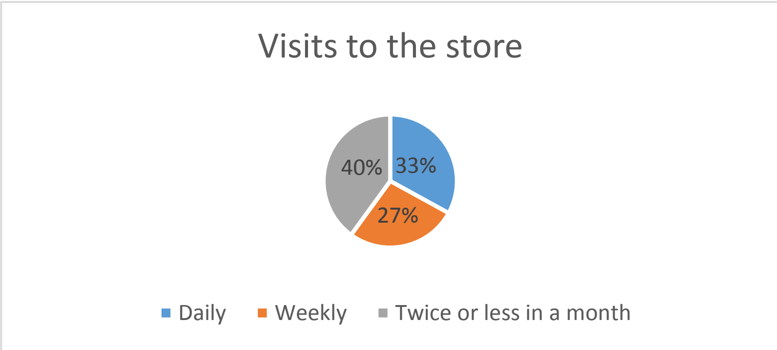
All fifteen participants were assigned to the word "Participant" following the respective number from 1 to 15 (i.e. Participant 1) to avoid mentioning their real names, as they are confidential (**Annex 6**).

The audience was composed of four female and eleven male participants. With the average age of forty-eight years old, ranging from twenty to seventy-seven. All participants, except from Participants **1**, **12**, **14** and **15**, had a full-time job. The one thing that all of them had in common was that all were drivers and visited at least once Tangerina convenience store in the last year.

4.2.2 | Before and After Virtual Reality Experience

From the analysis of the Results table of Virtual Reality Experiment (**Annex 7**), ***Figure 5*** demonstrates that the first question showed that 33% of them visited the shop almost every day, there was even one participant who visited it twice a day. About 27% of them visited on weekly basis and only 40% visited it equally or less than twice a month.

Figure 5 *- Visits to Tangerina Stores Frequency*



Even though not all of them were regular customers, when asked about their knowledge about the menus sold by GALP, 80% of them responded positively, stating that they knew the existence of it. But the numbers do not work that well when asked if they consumed it. Only 47% were frequent clients of the menus and out of that percentage the most chosen menu from the four existing, was the Morning Menu. Even if they didn't consume, some actually believed they could start to buy them, because 93% affirmed that the practiced prices were acceptable and fair. The fact they knew about the menus, demonstrates that GALP's communication is somehow efficient.

Another example of it is when customers were asked if they knew that the store had a long dynamic Digital Signage display outside the store, 80% of them responded positively and some even mentioned what campaigns of communication they remembered from it.

In the end of the virtual experiment, to test if they would buy what they saw on the screens, they were asked what they would do if offered with five euros to shop in the store. 40% mentioned they would buy either menus or the coffee card, which indicates that dynamic communication could moderate consumer's buying decision.

4.2.3 | During the Virtual Reality

The second phase was to test Digital Signage inside the store, and when customers started to walk in the virtual ambiance, they were asked in several moments during their experience if something, in particular, captured the most their attention. Almost 53% responded that they noticed somewhat changes in the scenario and it were the digital displays containing information about the menus, car washing, and the Pack Café.

Given that the scenarios tested were digital displays with a static image and not dynamic, and achieving a percentage of more than half of the participants noticing it, it indicates that somehow it captures attention and can be the substitute of normal and basic wallpaper communication. As already indicated, most of them in Chapter **4.2.2** remembered bits and parts of what the digital screen outside the store communicated, and if the same was integrated inside, maybe the results would have been different.

4.2.4 | Overview of the Results

To sum up, from the results it is possible to affirm that consumer consumption habits are influenced by the frequency of visits to a store and the efficiency of the company's communication strategy. Regular customers were more likely to capture differences in the store communication materials as they were more alert. Clients that visited less, were less likely to capture the differences.

For the not so regular customers, not only it is necessary to create more dynamic and simplified communication plans, using the Digital Signage but also to have into account insights discussed earlier. For example, in terms of the existing communication in the shop, most customers had noticed the digital dynamic communication board outside the store and most of them were aware of the existence of the menus sold by GALP. And when presented with new digital signage in the store, almost 53% noticed it.

This allows to affirm that main Research Question of this experiment, **RQ2** (Does Digital Signage capture attention of the buyer?), was partially verified, because it is an idea with the potential to be explored. It captured the attention of half of the participants and this was achieved only relying on the outcomes of an experiment in a Virtual Reality ambiance that can impact differently from a real experiment in a real life store.

Digital Signage not only to can keep the regular customers updated with the latest information, discounts or any other communication message, but also it can capture new costumers attention. Customers from this format are task-oriented consumers who seek for lower levels of arousal and Digital Signage can arouse them little by little, by influencing at least their intentions of approaching the store or buying something, instead of avoiding (Kaltcheva & Weitz, 2006).

5 | Conclusion

Managing Customer Experience doesn't have any perfect formula, but there are components of it that were already studied by many authors and one of those components were the management of store atmosphere. The use of stimuli to create a pleasant store atmosphere in order to enhance customer experience was generally discussed in the literature review.

Many renowned authors (Kotler, 1973; Donovan & Rossiter, 1982; Turley & Milliman, 2000; Farias *et al*, 2014; Zomerdijk & Voss, 2010; etc) have contributed to explaining the world more about how to manage store atmosphere and researchers like Mehrabian & Russel (1974) demonstrated us how stimulus can affect an organism and the same stimulus can generate a response from the organism.

As already discussed, stimulating customers can be a difficult job, because every individual holds a different perception of each stimulus (Pine & Gilmore, 1999) and it can impact their attitude and satisfaction different from the expected by the company reproducing the stimuli. The most used technique until now, has been the sensorial atmospherics, but nowadays there new opportunities to be seized.

To maintain competitive, companies have started to invest in new ways to stimulate customers. From the many existing new trends, only the following were tested in this dissertation: Digital Signage; Interactive Screens; Co-creation; Front-line Employee-Customer Interaction; New Payment Methods and Hybrid Stores.

Evidence from many day-to-day journals demonstrates many companies using this new trends, but there is little empirical research whether they successfully impacted customers or not. From the research of secondary data, it wasn't possible to find any researcher/s to have beforehand researched all the presented trends together in one study and even less in a specific industry like convenience stores. Therefore, this research was elaborated to study the impact of new trends in store atmosphere on convenience stores in Portugal.

Research of secondary data about this topics was done, and then it was complemented by primary data. The chosen approach to get it was to use a mix of exploratory and qualitative (Focus Group and Virtual Reality) methodologies to guaranty the most dependable results. The present Chapter will be to take conclusions about the research objective, summarizing the results achieved.

5.1 | General Overview and Summary of Results on New Trends

This study was conducted with the aim of identifying the future marketing trends that can influence store atmosphere of a Portuguese Gas Station convenience store. From the initial ten trends, only six were studied and it was possible to verify that each of them impacted customer experience in its own way by influencing their buying decision.

A convenience store is a retail format that tries to deliver customers with fast, convenient and efficient services and products (Nielsen, 2015; Convenience Store Decisions, 2016). Remembering Loureiro *et al.*,(2014), they recommended that for utilitarian services in order to increase customer satisfaction a well-organized shop with the needed products by customers, at a fair price and occasionally providing an enhanced customer experience, results better than to build highly entertaining environments.

When customers are inside a store, a positive emotional status can enhance their moral (Kusumowidadgo *et al.*, 2012), that is why small shops specifically targeted to a certain audience, have a higher capability to create more oriented stimuli to influence consumer behavior (Turley & Milliman, 2000). Reasoning why, the chosen trends to be tested were the aforementioned.

Following the previous logic, results from the empirical research showed that people accept more easily what they perceive as convenient product/service in a c-store and that is why when the topic of **Hybrid Stores** was mentioned, they pointed parapharmacys as a satisfactory idea.

On one hand the fast food encounter was not that well accepted as there were several issues mentioned by the focus group participants, such as: regulations could complicate the integration of this service; and the service speed would have to be very fast or it would generate big waiting lines in the gas station because Portuguese Metropolitan gas station's convenience stores are small.

On the other hand, when the topic of Healthy, Fresh and Natural food assortment and variety enlargement was discussed, people told that they wanted to see more products like it instead of the existing goods in the c-stores. Nowadays people are more health conscious and want Healthy, Fresh and Natural products. There were even participants of the focus group who were willing to pay more three or four euros compared to fast food items.

Finally, the idea of the photocopy machine was also accepted due to its convenient nature. Overall, people would be willing to pay more for photocopy service and for pharmaceutical products in situations of emergency or for healthier food, and this confirms Loureiro *et al.*,(2014) recommendations.

More targeted offers like the previous ones would influence more efficiently customers as Turley & Milliman (2000) said. Also, the average scores from ***Table 3*** of the three ideas combined (apart from the fast food encounter) in terms of utility, attractiveness, and satisfaction indicates that it could elevate the frequency of visits to the store.

Influencing customers is no easy task for companies when the topic is new technology, people expect that it will be user-friendly and usable with little or no formation, but the quick acceptance of new technologies by them only occurs if they accept it in the first place (Tiainen *et al.*, 2013).

When talking about **New Payment Methods**, it seems that Portuguese people do not feel totally secure yet with payments done through their mobiles. They prefer to pay with the traditional methods. This trend ranked the lowest scores from ***Table 3*** in terms of attractiveness and satisfaction. When it comes down to money, people hold high concerns and deny to use something that they are not yet used to.

In this case, Mehrabian & Russel's (1974) S-O-R model is applied in a negative way, because customers (organism) do not feel secure (Response) by mobile payments (Stimuli). Even though in other countries services like Apple, Samsung and Android Pay are already being used, in Portugal new payment methods still hold some doubts in consumer's minds. However, all agreed that in the future it will be a more common solution.

If there is little doubt, it is about the **Front-line Employee-Customer Interaction**. It ranked the highest from all the trends in three criteria (attractiveness, utility, and satisfaction) from ***Table 3***. When Gounaris (2008) told that people value well-trained employees, he was right. People demonstrated that when employees with a nice attitude, being helpful and welcoming, can impact their satisfaction. And when there is a cooperative interaction between customers and employees to add value mutually with an adequate level of empathy (Wieseke *et al.*, 2012), it can be positive to both sides. As Kusumowidadgo *et al*., (2012) affirmed, when a customer is in positive emotional status it can influence his moral.

Sympathy was the word chosen to describe good employees. When customers receive and tailored service, they feel more satisfied and although it not a very innovative trend, it obtained highly satisfactory comments. The new aspect in this trend is that nowadays with the help of a data base and information technologies of clients, it is easier to deliver a more tailored service to a client. Educating employees to serve efficiently clients by hearing their needs and being helpful is necessary and companies like QuickChek RaceTrac and Ricker Oil (Rigik, 2014) or Apple (Gallo, 2012) and Best Buy (Pearson, 2013) are already investing resources on that.

People like to be welcomed and well treated by employees, but this is a reality that not always happens. Sometimes employees are rude or can be judgmental according to the focus group participants. That is why when they were asked about how much would they value the installation of an **Interactive Screen** the answers were somehow positive. Participants felt that if there was a balance between the number of Interactive Screens and employees, it could be a good solution. Sometimes consumers trust more in the employees than in other sources of communication (Laer & Ruyter, 2010) and that is what maybe made them prefer a balanced solution.

Interactive Screens for switching client card points for prizes could be useful and for **Co-creation** of their meals as an add-on for Fast food encounters could create high value because it allowed them to choose what they like without being judged by anyone in the store.

Customers believed that if Interactive Screens could decrease waiting lines, human errors and judgments from the employees or other customers than it could be an optional solution to be implemented. For some participants, the best would be to balance a store with a certain amount of employees and Interactive Screens. Although it had positive scores in ***Table 3***, the results were not overwhelming because there were some reservations in terms of its potential execution and outcomes.

Similarly to Interactive Screens, there is **Digital Signage**. This trend is useful to communicate in a more dynamic way (Dennis *et al*., 2014). From the virtual reality experiment, it was possible to check that it has potential to be explored in the future, as companies can offer more target solutions for customers (Hughes, 2012). Digital Signage could elevate brand awareness for companies by capturing customers attention with dynamic images or videos, well targeted and clear messages.

Most participants from the Virtual Reality experiment, almost 80% of them knew about the existence of a Digital Signage outside GALP Tangerina's store, and the majority remembered communications used on those screens. If the same exact digital signage was used inside the store, there would be room for communication efficiency improvement.

In the same way, when participants from the Virtual Reality experiment were tested with the strategically allocated Digital Signage throughout the virtual store, it captured the attention of 50% of them. If displays like this were installed in reality, and communications were more tailored, then it would possible to deliver consumers with more: intellectual or affective experiences (Brakus *et al*., 2009).

Although some trends got better results than others, the results may have been biased by the limitations that this study had. Now, remembering the proposed research questions in the beginning of the methodology, and taking into account all the results obtained after the analysis, it is possible to form the ***Table 4.***

From the ***Table 4,*** it is possible to check that Reseach Question **RQ1** was successfully verified. Meanwhile, Research Questions **RQ2**, **RQ4, RQ5** and **RQ6** were partially verified. The only question that was rejected, was the **RQ3** that couldn't be verified.

Table 4 *- Validation of Research Questions*

Trends Tested	Research Questions (RQ)	Results after being tested
Front-line Employee-Customer Interaction	RQ1 – Would Front-Line Employee-Customer Interaction make users feel more valued?	Made users feel valued (**Verified**)
Digital Signage	RQ2 – Does Digital Signage capture attention of the buyer?	Captured attention of half of the buyers (**Partially Verified**)
New Payment Methods	RQ3 - Would New Payment Methods make users feel secure using it?	Did not make users feel secure (**Not Verified**)
Interactive Screens	RQ4 – Would Interactive Screens make users feel it has a high utility?	Potentially a high utility solution (**Partially Verified**)
Hybrid Stores	RQ5 – Would Hybrid Stores make buyers visit the store more times?	Potentially visits would grow (**Partially Verified**)
Co-Creation	RQ6 – Would Co-Creation enhance users' satisfaction?	It enhanced satisfaction (**Partially Verified**)

Getting Front-line Employee-Customer Interaction verified, the other four (Digital Signage, Interactive Screens, Co-creation, Hybrid Stores) partially verified with potential to be explored in the future and only getting one trend rejected (New Payment Methods), it is possible to notice a positive balance of five out of six trends with good acceptance. **This leads to conclude that** in the end of this dissertation, the **main objective was achieved**: **New trends were identified** and from the six that were tested, **five trends created value to customers**, which by itself could **influence their buying decision.**

5.2 | Managerial Implications

Overall, companies should focus on their customers' needs and identify which kind of experience is more suitable. Because as it was mentioned earlier, there are trends for a hedonic context and trends for utilitarian context. Before applying any of it, it is important to check what fits best the company and the customers both, and then hit buyers with the right stimuli to influence them. For c-stores in Portugal, what best results was previously discussed and ***Table 5*** contains the summary of all of it.

Table 5 *- Final Results*

New Store Trends Tested		Results
1. Hybrid Stores	Parapharmacy	Should be implemented
	Fast Food Encounter	Inconclusive
	Photocopy Machines	Should be implemented
	Healthy, Fresh and Natural Food Assortment and Variety Enlargement	Should be implemented
3. New Payment Methods	NFC smartphone payments (through an Interactive Screen)	With potential in the future
4. Front-line Employee-Customer Interaction	Employee's welcoming attitude	Should be implemented
5. Interactive Screens	For Switching client card point for rewards	Inconclusive
6. Co-Creation	For Co-Creation of own meals in an Interactive Screen (add-on for Fast Food Encounter)	Should be implemented
6. Digital Signage	Dynamic Digital Signage Inside the Store	With Potential in the future

Attending to the table, all the trends in the column "Results" underlined in normal green, gathered the acceptance by most participants from the Focus Group and should be considered by organizations. The two trends underlined with light green, represent an opportunity to be better explored in the near future. And only two of the ideas remained inconclusive due to divided opinions by participants.

Kotler (1973) in his paper told that selling just the goods or services itself is no longer sufficient, efforts must be done to deliver an enhanced customer experience through the total product. Building a unique customer experience can increase great value for a firm (Pine & Gilmore, 1999) and its clients. That is why one of the six principles by Zomerdijk & Voss (2010) is to deliver a better store atmosphere.

Many examples of big companies investing on new store atmosphere trends were given, and after this study, there is now evidence about the influencing power of certain trends.

We saw Sainsbury’s (2014) example of using a pharmacy inside a c-store. Wawa and Sheetz selling healthier and customized fast food (Blank, 2014). Albert Heijn’s AH to Go chain offering the possibility of smartphone payments based on QR codes (Thomson, 2013). QuickChek, RaceTrac and Ricker Oil implementing Front-line Customer-Employee Interaction in their stores (Rigik, 2014). McDonald's using Interactive Screens to offer customizable meals (Bloomberg, 2015) or Sunoco’s (NACS, 2014) convenience stores installing Interactive Screens either to upscale sales or to display real-time targeted offers. And finally, we also saw 7-Eleven using Digital Signage (Writer, 2015).

So, as seen earlier, it is possible to notice that there is not a unique perfect formula to succeed, but efforts should be done to check what works best for each company and its targets.

5.3 | Theoretical Implications

While the Customer Experience Management research topic is not new, the empirical studies with scientific evidence about some of the new store atmosphere trends were found out to be very little. Even though there are some market research reports done by some companies, about these trends, or news reports, they hold no scientific foundation.

There is information about some of the trends being used by many retailers worldwide, but the same trend can have a different impact in different contexts. To obtain more accurate results, it was chosen one specific sector. That is why, the theoretical implications of this dissertation, are connected to a specific retail context.

Some of the trends are new in the market and due to its recent introduction and development, there is yet little or no scientific studies about their impact on customer's experience and consequently their buying decision.

Also, it was not found a study that had all the trends studied at once in a specific sector with the chosen methodologies and the presented audience, neither in Portugal nor in any other country. That is why it was necessary to develop this study.

Jointly with studying new trends in store atmosphere, it was also used some different and innovative methodologies, which allowed to test the trends in a specific field of application that is convenience stores.

The fundamental objective of this dissertation was to create a scientific foundation by collecting results of the impact of new store atmosphere trends on consumers. The literature review allowed to systematize a limited set of works, recently made around the most relevant marketing trends for the topic, discussing the contributions of each of them and their implications for a more comprehensive theoretical body, around the store atmosphere theme.

The development of it allowed an increase of scientific evidence about this topic and at the same time, managers in companies now have a few more insights, which can help them to test these trends in their stores, relying on the results of this study.

Not only had this study helped to test the previously mentioned new trends, but it also helped to understand better the consumer behavior and what their habits of consumption are. By knowing the previous aspects, it is possible to shape a pleasant customer experience that delivers the high-value proposition to satisfy customer needs.

Although this work was essentially based on Portuguese audience, it is potentially applicable to other countries in general. And to add, it can also be tested in other retail formats with more variables than just the presented.

That is why the current trends and the methodologies used, should be used in further investigations in a different retail environment with a different geography. This will allow to collect more results and to validate the impact of the trends in different contexts. The current dissertation is only the tip of the iceberg that has a lot more to be studied furthermore. It represents just the starting point for more dependable results in the future.

5.4 | Limitations of Research

Regardless of many attempts to dodge bias, no studies are perfect and have their own limitations. That is why any interpretation of the findings have to be done taking it into account.

The first limitation started with the deadline of the study. Considering this dissertation was done under certain time limitations, it tried to gather as much literature review as possible. Subsequently, a bigger deadline would have been better to explore a bit more studies conducted by renowned researchers.

The same goes for the timeline in which the empirical research was done. More time would have permitted to join more information and a bigger audience so the information would have been even more dependable. Four months to do both literature review and empirical research, was a tight time window.

Secondly, when the virtual reality experiment was conducted, the virtual material developed by the architects was also done in the small time window, which didn't allow them to deliver the virtual model as initially was expected. Under the given circumstances they did a very good job, but a model with dynamic images would have resulted in different outcomes.

Thirdly a real life experiment, by putting real digital signage in the store would have been better to study the impact of Digital Signage, but it was more time and money consuming.

Lastly, the empirical research was only exploratory and qualitative. The results taken from it were more subjective than a quantitative research would have been. Once again, due to the small timeline, it was not possible to run a quantitative research.

Even though the short schedule, the data collected remains valid and contributes to take some new insights on the topic of the dissertation.

5.5 | Suggestions for Further Research

The initial idea was to explore only store atmosphere moderators inside the store, but research led to find also interesting topics about exterior variables to be explored. There are c-stores exploring the click and collect service, which should be further investigated as it represents a convenient service and can elevate sales. Also, other technologies like wi-fi, self-payment cash outs, and fast delivery drive-ins could be tested.

Additionally, store atmosphere is only one of the principles to deliver an enhanced customer experience. From the literature review, it is possible to notice that there are other four principles that also moderate customer experience (1. Creation of experiences associated with customer journey touch points; 2. Investment on dramatic structured events; 3. Management of the presence of fellow customers in store; 4. Effective management of backstage employees). Further research can also explore the rest of the principles to achieve a better explanation on how to manage better customer experience.

To complement, a customer's shopping behavior is also influenced by Situation Moderators and Consumer Moderators. Those two also influence customer experience and in the future, it should be studied in more depth. Another topic also related to customers experience, is the impact of all the trends in terms of their engagement, commitment, and loyalty levels. Those three issues should be studied.

Customer experience management should be also studied not only in terms of its impact on customers but also in terms of organization's overall goals (financial, operational, strategic goals) and the influence it has on its employees.

The next study could also expand to other industries and sectors, not only in Portugal but also in other countries. By increasing the range, it leads us to take broader and diversified conclusions. Also, four trends mentioned initially here, were not tested, so those should also be tested in future research (Retailtainment, Store Mood Zones, Reverse Channels, and Storytelling), along with other trends that could exist apart from the current.

To conclude, further research should also focus on a bigger sample to collect more data and also to adhere to quantitative research as it helps to take more precise conclusions.

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7 | Annex

Annex 1 - Focus Group Script

Theme	Questions	Methodologies	Metrics
1. Introduction			
Knowledge of the Participants about a Convenience Store	What do you reckon as a convenience store?		
Consumer Preferences	Indicate from the following factors, the three most important that you would associate to a c-store by growing order : Accessibility; Convenience; Service Speed; Employee's Attitude; Product Price; Store Atmosphere; Credibility of the Brand	Image (slide 3)	
	What kind of people do you think that visits c-stores? (Elder; Students; Working people)		
2. Participants Profile			
Visits to a C-Store	How frequently do you visit a c-store?		
	In which moments of the day you visit it more?		
	Which brand of c-stores do you visit more?		
	What makes you visit one brand rather than the other?		
	What makes you visit a c-store?		
	When do you want to wash your car, how do you clean it?		
	When do you prefer to visit a c-store rather than a super or hypermarket?		
Product and Service Variety	What types of products do you buy more in a c-store?	Image (slide 4)	
	Are you satisfied with the existing assortment and variety of products in the current stores? Would you prefer bigger or smaller stores?	Image (slide 5)	
3. New Assortment and Services			
New Products in the Store	What products would you like to see in a c-store?		
	If there were healthy food (i.e. salads, detox juices, etc) would buy more often?	Image	

	If there were a c-store with fresh and natural products, would you go more often?	image (slide 9)	
New services	If there were a photocopy machine, would it create value for you?	Image (slide 10)	
4. Hybrid Store – Food Court			
Fresh Meals	If inside the c-store there were a fast food court (i.e. Companhia das Sandes or Subway), would consume more often in the store?	Imagem (slide 12)	
	What fast food brands would you like to see associated with c-stores?		
	How much would you be willing to pay more for fresh foods compared to packed meals? (€3, 4€, how much?)		
Space for eating the meals	If there were a space inside the store with chairs, tables, and a microwave, would you eat there?	Image (slide 13)	
5. Interactive Screens			
Co-creation	How satisfactory would be a co-created meal by you? From a scale of 1 to 10 how much do you value a service that allows you to co-create your product?		Scale from 1 to 10 (1 Very Negative; 10 Very Positive)
	And if the co-creation were done through an interactive display? Would it elevate your satisfaction?	Image (slide 14)	
New Payment Methods	And if there were an option inside the store that would let you pay through an interactive screen from your smartphone confirming the payment, would it be beneficial? Would you use it?	Image (slide 15)	
	Are you aware of Apple Pay, Android Pay and Samsung Pay that use NFC technology to execute payments? Do you use them? Would you feel more secure with this new methods?		
Exchanging client card points	Evaluate from 1 to 10, how interesting would it be a functionality that would allow you to change your client card points for prizes from an interactive display.	Image (slide 16)	Scale from 1 to 10 (1 Very Negative; 10 Very Positive)

6. Hybrid Store – Parapharmacy			
Parapharmacy	From 1 to 10 how useful would it be to have a parapharmacy in a c-store?	Image (slide 17)	Scale from 1 to 10 (1 Very Negative; 10 Very Positive)
	Would it make you visit more a c-store rather than an actual pharmacy or a supermarket?		
7. New Payment Methods			
	Would you feel secure if all the payments were done by smartphone?		
	If there were this type of stores, would you buy more at late hours?		
8. Front-line Employee-Customer Interaction			
	How do you classify an employee that treats you by "Sir (Your Name)"? Would you feel more welcomed?	Image (slide 21)	
	Do you link front-line employee's attitudes to a brand?		
	Describe an extraordinary attitude of an employee in a c-store		

Annex 2 - Socio-demographic Questionnaire

The following questionnaire has the goal to collect demographic data for a Master's Thesis Dissertation study about store atmosphere, in the convenience store sector. It is guaranteed the total confidentiality of the information provided.

1. Sex

Feminine ☐

Masculine ☐

2. Age: ☐ years old

3. Marital Status

Single	☐	Divorced	☐
Married	☐	Widow(er)	☐

Other (Ex: non-married couples, separated couples):___________________________

4. What are your qualifications?

Secondary Education	☐	Master's Degree	☐
Bachelor Degree	☐	Doctoral Degree	☐

5. What is your current activity? ____

6. What is your monthly income?

a) No income ☐

b) Below 500€ ☐

c) Between 500€ and 1000€ ☐

d) Between 1000€ and 2000€ ☐

e) Between 2000€ and 3000€ ☐

f) Above 3000€ ☐

7. How many times have you been in a GALP gas station in the last 2 years? ____

7.1 How many times these gas stations were in urban areas? ____

7.2 How many times were these gas stations on the highway? ____

8. **Evaluate each of the following solution** (scoring from **0 to 10**) according to: the **level of usefulness** (does it bring any advantage or benefit?), the **level of attractiveness** (does it get you curious and interested?), the **level of innovation** (is it a creative solution?) and the **level of satisfaction** (does it give you a sense of well-being and contentment with the service and store ambiance?).

Proposed solutions	Usefulness	Attractiveness	Innovation	Satisfaction
1. Packaged sushi				
2. Healthy products				
3. Fresh and natural convenience store				
4. Printer/copy machine				
5. Fast food court				
6. Dining area (tables + microwaves)				
7. Co-creation interactive screen				
8. NFC payment interactive screen				
9. Loyalty card redeem points interactive screen				
10. Parapharmacy				
11. Smart Shop				
12. Customer-employee interaction				

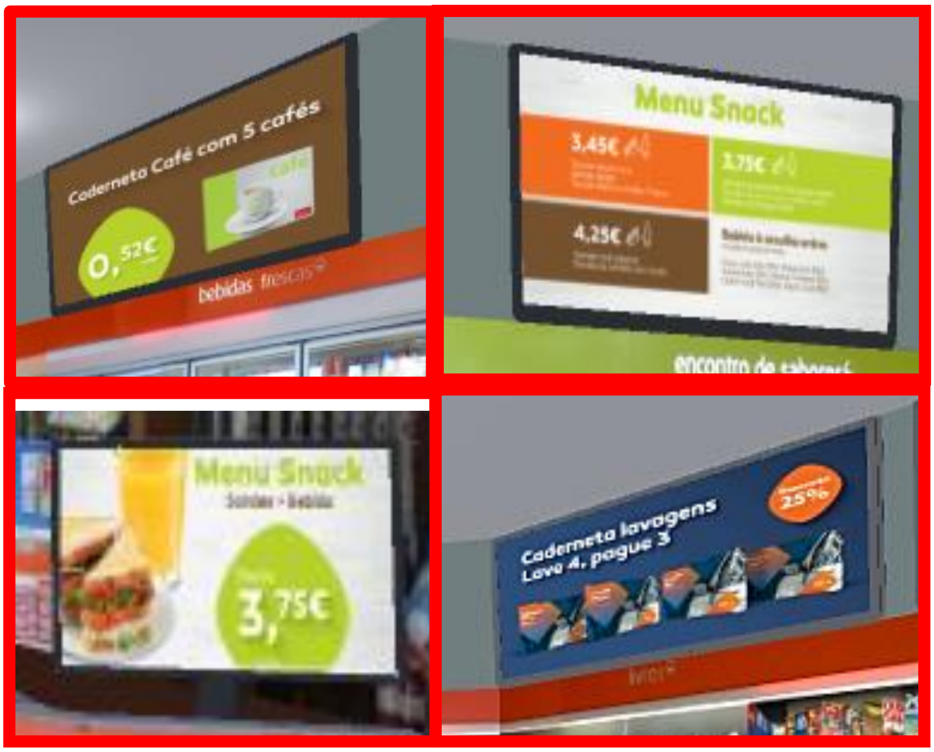
Annex 3 – Script for Virtual Reality

Constructs	Questions	Methodologies	Metrics
1. Before Virtual Reality Experience			
Consumer consumption habits	How frequently do you visit Tangerina convenience store?		
Communication Efficiency	Do you usually pay attention to the bi-weekly promotions that GALP advertises?		
	Did you know about the existence of the food menus in the store? Do you consume?		
	Do you purchase any existent menus? (If yes) Which one?		
	Have you ever noticed the led screen outside the store? Does it get your attention spontaneously? What ads do you remember?		
2. During the Virtual Reality Experience			
Stimulus captured by the client	Do you find any differences compared to the original store?		
	Why have you stopped?		
	Which element/feature gets your attention and why? Are you interested in buying that?		
Stimulus induced by the moderator	Notice, that there are different communications in the virtual store. Do you notice anything different? What do you recognize? Which element/feature gets your attention and why? Are you interested in buying that?		
3. After Virtual Reality Experience			
Menus evaluation	What is your opinion about the existent menus of Tangerina store? In which circumstance and which one would you buy?		
	Do you believe they have an adequate pricing? Would you change any product?		
	What would you buy from the shop if we offered you 5€?		

Annex 4 – Socio-Demographical Results of the Focus Group

Name	Age	Occupation	Gender	Civil Status	Qualifications	Average Income	Nº of Visits to a Tangerina shop in the last 2 years	Tangerina Stores Visited In Metropolitan Area	Tangerina Stores Visited In Long Course
Participant A	28	Product and Innovation Manager	M	Single	Bachelors' Degree	€1000 to €2000	10	6	4
Participant B	51	Teacher	F	Married	Bachelors' Degree	€1000 to €2000	20	7	13
Participant C	31	Driving School Businesswoman	F	Divorced	High School	€1000 to €2000	250	245	5
Participant D	23	Student D	F	Single	Bachelors' Degree	--	20	20	0
Participant E	56	Operations Director	M	Married	Master's Degree	€ 3 000	5	4	1
Participant F	51	High School Teacher	F	Married	Bachelors' Degree	€1000 to €2000	25	15	10
Participant G	21	Student G	M	Single	Bachelors' Degree	--	--	--	--
Participant H	23	Student H	F	Single	Master's Degree	--	200	150	50
Participant I	30	Entrepreneur – Projects Manager	M	Single	Bachelors' Degree	€1000 to €2000	20	5	15

Annex 5 – Images from Menus, Pack Café and Car Washing Service



Annex 6 - Socio-Demographical Results of the Virtual Reality

Name	Sex	Age	Job
Participant 1	M	20	Student
Participant 2	F	32	Air Hostess
Participant 3	F	33	Bimby Salesperson
Participant 4	M	33	Mechanic
Participant 5	M	40	Lawyer
Participant 6	F	41	Environmental Engineer
Participant 7	M	45	Pilot
Participant 8	M	48	Professor
Participant 9	M	49	Construction worker
Participant 10	M	53	Salesperson
Participant 11	M	61	Marketer
Participant 12	M	63	Retired A
Participant 13	M	64	Salesperson
Participant 14	F	69	Retired B
Participant 15	M	77	Retired C

Annex 7 – Results Tables from Virtual Reality

Before the Virtual Reality Experiment							
Participant	**1. Visits Frequency to GALP Store**	**2. Knowledge of Biweekly Promotions**	**3. Menus Consumption**			**4. Digital Signage outside of the store**	
			Do you consume?	**If yes, which one?**	**If not, which would you buy?**	**Did you notice?**	**What did you notice?**
1	Twice a Month	No	No	-	Menu Bom Dia	Yes	Promoções Continente e Wells
2	Once a Week	No	Yes	Menu Bom Dia	-	Yes	Continente Promotions
3	Everyday	No	Yes	Menu Bom Dia	-	Yes	-
4	Everyday	No	Yes	Menu Bom Dia	-	Yes	-
5	Twice a Month	No	No	-	None	No	-
6	Everyday	Yes	Yes	Menu Café + Bolo	-	Yes	Menús and Wells
7	Once a Week	No	No	-	None	Yes	Car and Trips
8	Once a Week	No	No	-	None	Yes	Menús
9	Everyday	Yes	No	-	None	No	-
10	Once a Month	No	No	-	None	No	-
11	Once a Week	No	Yes	Menu Bom Dia	-	Yes	Menús and National Portuguese National Football team
12	Once a Month	No	No	-	None	Yes	Car Washing Service
13	Twice a Month	No	No	-	None	Yes	Discounts
14	Twice a Month	Yes	Yes	Menu Bom Dia	-	Yes	-
15	Everyday	Yes	Yes	Menu Bom Dia	-	Yes	-

During the Virtual Reality Experiment				After the Virtual Reality Experiment	
Participant	**5. Differences in terms of the original store**	**6. What did they noticed in the digital signage**		**7. Price of the Menus**	**8. What would you buy with 5€ from the shop if we offered you?**
		Spontaneously	**With the induced help of the moderator**		
1	Didn't notice the digital signage	-	Pack Café	Fair Prices	Menu Pequeno Almoco
2	Didn't notice the digital signage	-	Everything*	Fair Prices	Water
3	Noticed the digital signage	Menús Lanche and Pack Café	-	Fair Prices	Menu Bom dia or Tobacco
4	Noticed the digital signage	Menús Lanche	-	Fair Prices	Sandwich + Soft Drink
5	Didn't notice the digital signage	-	Everything	Fair Prices	2 Pack Café
6	Noticed the digital signage	Everything	-	Fair Prices	Pack Café
7	Noticed the digital signage	Everything		Fair Prices	Tobacco
8	Didn't notice the digital signage		Car Washing Service	Fair Prices	Soft Drinks or Water
9	Didn't notice the digital signage	-	Everything	Fair Prices	Sweets
10	Didn't notice the digital signage	-	Everything	Fair Prices	Sparkling Water or Soft Drink
11	Noticed the digital signage	Pack Café		Fair Prices	Menu Sandes + Soft Drink or Menu café + bolo
12	Noticed the digital signage	Everything		Fair Prices	Coffee, Water, Spray Tablier
13	Noticed the digital signage	Menús Lanche		Expensive Prices	Magazine and Tobacco
14	Didn't notice the digital signage		Pack Café	Fair Prices	Magazine or Newspaper
15	Noticed the digital signage	Menús Lanche		Fair Prices	Pack Café or Menu Lanche