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NEW TRENDS IN STORE ATMOSPHERE:
AN APPLICATION TO THE BANKING SECTOR

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Abstract

In the context of intense competition in the current marketplace, the enhancement of store atmosphere appeared as a strategy that could provide differentiation to retailers and, at the same time, stimulate the interest and satisfaction of consumers.

Considering this, the main purpose of this dissertation is to investigate the application of new store atmosphere trends in the Portuguese banking sector as a way to improve the in-store customer experience. The trends under study are the introduction of interactive screens, the digitalisation of customer-employee interaction, the development of co-creation platforms and the implementation of store mood zones inside the banking facility. The research purpose was accomplished through a comprehensive study of relevant literature followed by an empirical research with a qualitative and exploratory methodological approach.

Findings provided evidence that most of the suggested store atmosphere trends would improve the pleasantness of the banking spaces, and therefore, should be implemented. However, changes in store atmosphere should not be done abruptly (e.g. implement all the trends in one establishment), to avoid dramatic variations in customers' perception of these financial spaces. Therefore, the study proposes the development of a sustained balance between a banking atmosphere which is able to transmit rigour and seriousness, and, at the same time, a feeling of relaxation and comfort to customers.

Subsequently, in order to thrive, Marketing researchers and banking managers should have this information in mind and act accordingly to it. Ultimately, they should understand the importance of store atmosphere and how it affects the overall customer experience.

Resumo

Dado o contexto atual de intensa competição no mercado, a melhoria do ambiente de loja apareceu como uma estratégia que poderia oferecer diferenciação aos retalhistas e, ao mesmo tempo, estimular o interesse e a satisfação dos consumidores.

Neste seguimento, o principal objetivo desta dissertação é investigar a implementação de novas tendências de atmosfera de loja no sector bancário Português de forma a melhorar a experiência do cliente dentro na loja. As tendências estudadas são a introdução de ecrãs interativos, a digitalização da interação entre o cliente e o empregado, o desenvolvimento de plataformas de co-criação e a implementação de "mood zones" dentro do estabelecimento bancário. O objetivo desta pesquisa foi conseguido através de um estudo abrangente da literatura relevante, seguido de uma pesquisa empírica com uma abordagem metodológica qualitativa e exploratória.

As descobertas comprovaram que a maioria das tendências sugeridas iriam melhorar a agradabilidade dos espaços bancários, e, portanto, deveriam ser implementadas. No entanto, alterações na atmosfera de loja não deverão ser feitas de forma abrupta (por exemplo, implementar todas as tendências num único estabelecimento), de forma a evitar variações dramáticas na perceção dos clientes sobre os espaços financeiras. Portanto, o estudo propõe o desenvolvimento de um equilíbrio sustentável entre uma atmosfera bancária capaz de transmitir rigor e seriedade, e, ao mesmo tempo, uma sensação de relaxamento e conforto aos clientes.

Posteriormente, a fim de prosperar, os profissionais de Marketing e gestores bancários devem ter esta informação em mente e agir em conformidade. Em última análise, deve ser entendida a importância do ambiente da loja e a sua influência na experiência do consumidor.

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1. Introduction

The intense competition in the current retail market, prompt the need for new and competitive ways to deliver the best to consumers, either in prices, availability, products, entertainment, inspiration and experiences. Given the revolutionary impact of technology, in particular, the Internet, and the changes felt in society and in consumer behaviour, retailers – in this specific case banking managers - have had to be innovative in devising strategies to attract their target audiences to their physical facilities. As a result, the most successful retailers of the future will be the ones that best recognise and rapidly adapt to these consumer changes (Bailey and Bonifield, 2010; Westfield, 2014).

Therefore, in recent years, many marketers and managers from all kinds of business and activity sectors are trying to adapt their strategies with the experiential view of consumption (Farias *et al*., 2014). This approach implies that even though consumers still demand functional qualities and the best services and products, they now want something more than that. They want some excitement with the value proposition (Bailey and Bonifield, 2010). They are demanding more experiences and creating a new vision of retail.

In this context, store atmosphere started to appear as a mean that could provide differentiation to retailers and, at the same time, get the wanted attention and interest from consumers, stimulating their satisfaction and buying mood. In fact, the retail store atmosphere of the future will not be just about pretty lights, cool music, modern designs, a few perfumed candles and the installation of some forms of technology. In order to develop a truly immersive and delighting in-store customer experience retailers need to take their brand as a whole to all of the clients' senses and appealing to the heart's emotions and not just the brain's reasons.

Throughout the present research, the retail sector that received attention was the banking sector, as it was considered one of the activity sectors less enjoyable to attend, resulting in less satisfying customer experiences. As proved by Reinares and Garcia (2012) study, the management of banking institutions was considered to be inadequate as proved by the resoundingly negative customer evaluations of establishments, their displeasure in visiting banks or saving banks, and the dissatisfaction in remaining within such places for an extended period of time.

Consequently, it can be noticed the growing need to provide customers with an enhanced customer experience during all the stages of the customer-bank relationship. Besides this, lately,

the study of store atmosphere has been marked by the emergence of new, innovative and creative trends, carried out by retailers that do not conform with offering a common and undifferentiated in-store experience to their customers.

Therefore, considering the previous information, the main purpose of this dissertation was to investigate and better understand which store atmosphere new trends should be applied to the banking sector as a way to improve the in-store customer experience, also leading to better evaluations of the banking establishment.

As a way to fulfil this goal, and considering that this research is in the field of new trends never studied before, a qualitative and exploratory methodological approach was implemented. In this approach, a focus group session and several in-depth interviews were conducted, testing the acceptance and the level of interest of participants towards several store atmosphere tendencies in the banking sector. In each data collection method, a convenience sample of 10 participants was gathered, making a total of 20 participants. Later, all the inputs and information collected were synthesised, explained, and then discussed, discovering significant findings of the research topic.

This dissertation is composed of five chapters, which will be briefly presented:

Chapter 1 – Introduction: this chapter initiates the study with the rationale behind it and the reasons that justify its importance. Then, it is identified the aim of the study, along with the methodology used and the data collection techniques. Finally, the structure of the work is presented.

Chapter 2 – Literature Review: in this chapter, a comprehensive and detailed understanding of the subject under question is presented. The focus will be on the constructs of store atmosphere and store atmosphere recent trends, namely Co-creation, Retailtainment, Storytelling, Hybrid Stores, Interactive Screens, Reverse Channels, New Payment Methods, Store Mood Zones, Revolving Decor and Interaction with Employees. Later an orientation of these trends to the banking sector will be carried out. These topics will be explained taking into account relevant literature about them, whether older or newer, although always relevant to better understand it.

Chapter 3 – Methodology: in this section, it will be outlined the methodological and research choices of this dissertation. This includes the collection of primary and secondary data, the

explanation of the purpose of the study, the identification of the data collection methods used, the sample characterisation and the sample techniques undertaken.

Chapter 4 – Analysis of the Results: in this part, the data previously collected will be synthesised, explained, and then it will be discussed. With this chapter, it will be possible to draw the first set of findings about the research objective.

Chapter 5 - Conclusions, Implications, Limitations and Suggestions for Further Research: this concluding chapter will present the major results of this study. Then, the implications for Management and Marketing will be identified before the limitations of the research methods are discussed. To finalise this dissertation, recommendations and clues for further research will be pointed out.

2. Literature Review

2.1 Customer Experience and Experiential Marketing

Nowadays, providing the ultimate customer shopping experience appears to be the central objective in retail environments. As a result, Verhoef *et al*. (2009:31) pointed out that retailers around the world have "*embraced the concept of customer experience management, with many incorporating the notion into their mission statements*". In fact, by becoming aware of the desire of customers to receive as many valuable experiences as possible, marketers and managers from all kinds of business should adapt their strategies with the experiential view of consumption (Farias *et al*., 2014). Although, for that to happen, they first should understand how consumers perceive these experiences and how consumer's expectations before the actual shopping moment can affect the overall experience (Berry *et al*., 2002).

More and more the shift from traditional marketing, in which consumers are perceived as rational decision-makers who only care about products' functional features and benefits, towards experiential marketing has become evident. This shift has happened especially due to four main reasons: first, the omnipresence of information technology, communications and entertainment (Schmitt, 1999); second, the natural progression of economic value, which include 4 stages: commodities, products, services, and more recently, experiences (Pine II and Gilmore, 1998); third, the increasing intensity of competition; and lastly, the increased consumers' affluence (Farias, *et al*, 2014).

Even though consumers nowadays have more choices of products and services than ever before, they still seem dissatisfied (Prahalad and Ramaswamy, 2004). This happens because, in this era of experiences, customers are taking for granted the functional attributes and benefits, as well as the product quality and a positive brand image. "*What they (consumers) want is products, communications, and marketing campaigns that dazzle their senses, touch their hearts, stimulate their minds. They want products, communications, and marketing campaigns that they can relate to and incorporate into their lifestyles*" (Schmitt, 1999:57). Summing up, they want to receive meaningful experiences.

With this in consideration, five different types of experiences that marketers can develop for customers are distinguished: sensory experiences that appeal to the sight, sound, touch, taste and smell ("sense" factor); emotional experiences that appeals to customers' inner feeling and emotions ("feel" factor); creative cognitive experiences that appeals to the intellect and aims to

engage the customer creatively ("think" factor); physical and lifestyles experiences that motive to a change in behaviours ("act" factor); and social-identity experiences that result from relating to a reference group or culture ("relate" factor) (Schmitt, 1999). In order to thrive in Experiential Marketing, ideally, marketers should attempt to create holistically integrated experiences for consumers that include, at the same time, sense, feel, think, act and relate qualities. Furthermore, the same author argues that these experiences are implemented through experience providers, such as communications, visual and verbal identity, product presence, retail environment, electronic media, and people. These providers should be managed coherently (in an integrated manner), consistently over time, and by paying attention to detail, in order to extract its fullest potential for creating the experience.

The degree to which a company is able to recognise the importance and deliver a desirable customer experience will not just provide financial value for the company (Pine II and Gilmore, 1998) and differentiation from competitors (Farias *et al*., 2014) but, also, largely determine its success and prosperity in the global and competitive marketplace of the new millennium (Schmitt, 1999).

2.2 Store Atmosphere – Definition and its Importance to Enhance Customer Experience

In an attempt to better explain the construct of customer experience, Verhoef *et al*. (2009), developed a conceptual model of antecedents and moderators of customer experience that included eight crucial aspects, being one of them the retail atmosphere of a store. In addition, other authors shared the same line of thought and considered the importance of atmospherics during various stages of the consumer decision process and propose that retailers should leverage this understanding in order to enhance customer satisfaction and retail performance (Puccinelli *et al*., 2009)

This concept of retail "store atmosphere" was initially studied by Kotler (1973) in his influential article "Atmospherics as Marketing Tool". He described it as the conscious planning of the store environment to create the desired effects in consumers as it was already made with other marketing tools (e.g. price, advertising, personal selling and public relations). Based on these insights, Puccinelli *et al*. (2009) and Farias *et al*. (2014) stated that atmospherics, or the retail store environment, is related to both tangible and intangible aspects of a retail store design that can affect the customer shopping experience. More specifically, the term can be described as

the effort of store interiors and exteriors designs to influence the shoppers' feelings and increase purchase intentions (Kotler, 1973).

In an increasingly competitive and dynamic marketplace, marketing researchers realised that if consumers are influenced by physical stimuli experienced at the store, then the practice of creating influential atmospheres should be a key marketing strategy for the majority of exchange environments (Turley and Milliman, 2000; Olahut *et al*., 2012; Farias *et al*., 2014).

Usually, the elements of the atmosphere that the retailer can control are those associated with the customer' senses (Farias *et al*., 2014). For instance, retailers can manage the intensity of light, the temperature, the cleanliness, the colours and textures of the walls, the design of the space, the style of music played in the background, the pleasantness of fragrances, and so on. The reaction to these stimuli will determine the customer experience felted at the store. Moreover, many studies about retail environment showed that the response to these stimuli also influence the perceptions and evaluation about the store image, and a wide range of behavioural responses, such as the time that customer spent in the store, purchase intention and actions, and the likelihood to return to the shop (Turley and Milliman, 2000).

According to the most relevant framework about the effects of store atmosphere on shopping behaviour, the Stimulus-Organism Response (S-O-R) model, the store atmosphere is the stimulus (S) that causes a consumer's evaluation processed by the organism (O), resulting in some behavioural response (R) (Mehrabian and Russell, 1974; Donovan and Rossiter, 1982). Furthermore, Mehrabian and Russell (1974) indicate that consumers respond to an atmosphere in one of two ways: approach behaviour or avoidance behaviour. Approach behaviours are described as positive responses to an environment, such as a desire to stay and explore a particular store. Avoidance behaviours reflect the opposite response and occur when a customer does not want remain in a store or to spend time looking or exploring it (Turley and Milliman, 2000). As stated in Donovan and Rossiter (1982) research, based on the work of Mehrabian and Russell (1974), the authors proposed that three basic emotional states (acronym PAD) mediate approach-avoidance behaviours in any environment: pleasure, arousal and dominance. However, due to lack of empirical support, the dominance dimension has been deleted from studies.

As reported by Olahut *et al*. (2012), ideally, retail atmospheres should be perceived as pleasant and moderately arousing. Stores with these characteristics are likely to contribute to the overall favourableness of the store and positively affect shoppers' behaviour (Chebat *et al.,* 2010).

Findings from the work of Turley and Milliman (2000) suggest that particular elements of the atmosphere do not always have to be evident to have an effect on consumers. Sometimes, the most understated and subtle changes made in the retail environment are all that is necessary to modify how shoppers perceive and behave inside a store.

Summing up, throughout the years, store atmosphere has gaining increasing relevance as a marketing tool that can affect customers' experience and behaviours and, also, increase the store performance. According to Kotler (1973), atmospherics is very important concept and tool because it can be used in situations where the product is purchased or consumed (retail stores) and where the seller has design options; it provides differentiation in industries where the product and/or the price differences are small; and, it creates a suggestive environment when goods and services are intended for a specific target market. In addition, the use and control of atmospherics become even more relevant when the number of competitors increases, as a way to boost differentiation.

Even after several decades and numerous studies about atmospherics, the concept is still in some way limited, and there is still space for improvements. However, it is already possible to affirm that the atmosphere of any store is a crucial component of its image and personality and is directly related to the customer experience and their interest to visit and keep on visiting a store (Olahut *et al.*, 2012).

2.3 Dimensions that influence Store Atmosphere

Since the ambience of a place is defined as the physical surroundings that can stir several feelings to consumers, it can be perceived through the five human senses: sight, hearing, smell, taste and touch. These senses provide humans with the understanding of the world around them, as they can also bring positive and negative feelings to a particular consumer experience. Therefore, the sensory stimuli present in a retail atmosphere can influence shopper behaviour, be used to provide particular experiences, attract consumers, and, if treated consistently with the desires of the target market segments, the retail store atmosphere can be considered a factor that gives the retailer a competitive advantage (Farias *et al.,* 2014).

As referred by Kotler (1973), the main sensory dimensions for retail atmosphere are smell (scent and freshness), sound (volume, pitch and tempo), sight (colour, brightness, size, and shapes), and touch (softness, smoothness and temperature). A growing number of studies indicate that these atmospherics variables independently affect shoppers' perceptions and

behaviours, and their combined influence is likely even greater than the sum of their parts but only if managed appropriately (Spence *et al.*, 2014).

The same authors stated that, since different senses can have distinct roles in influencing customer perceptions or behaviours, retailers and managers must carefully connect multiple senses while keeping the overall atmospheric cues congruent. The key question that remains is how a company should design its multi sensory store atmospherics to guarantee that the return on its investment is worthwhile.

2.3.1   Olfactory Dimension

Starting with the stimuli provided by ambient scents, it is noted that, there is a significant number of scientific research about the effects of odours on human physiology and psychology. However, studies about these same effects applied to the perspective of consumer behaviour are much more reduced (Chebat and Michon, 2003; Spangenberg *et al.*, 1996).

According to Olahut *et al.* (2012), studies of the effects of scent on store atmospherics have been focused on three dimensions: first, the simple presence of a scent in the store; second, the pleasantness or unpleasantness of the scent in the store, that may result in positive or negative affective or behavioural responses, respectively; and third, the scent's congruency with the shopping environment.

It is clear to understand that the presence of a pleasant scent that can have positive impacts on evaluations and behaviours and affect shoppers' mood in a pleasing way is preferable comparatively with the presence of an unpleasant scent. Regarding the congruency of scent, in the study of Chebat and Michon (2003) about the effects of ambient scent in a shopping mall, it is pointed out that the use of ambient scent can be valuable for retailers only if congruent with the overall shopping environment. This is because, the same fragrance used in different contexts can trigger different reactions and become completely inefficient, or worth, have adverse effects if misused.

Moreover, in the Chebat and Michon (2003) research, it was verified that ambient scent could contribute to a favourable perception of the mall environment and product quality. In their experiment, the environmental cue (ambient scent) directly affected shoppers' perceptions of product quality and retail environment; in turn, these perceptions had a significant effect on consumers' mood and spending behaviours. In this scenario, the contribution of mood (pleasure and arousal) on spending is not preponderant. These findings strongly support the cognitive

theory of emotions, which contradicts one of the core beliefs of the literature about the approach/avoidance model of Mehrabian and Russel (1974), in which the emotional effects of the environment are stressed, and the mood is considered a mediating factor between environmental cues and behaviours.

Therefore, in order to make the most out of scent marketing, retailers "*should identify a signature scent that is both pleasant and congruent with the store and brand identity*" (Spence *et al*., 2014: 478). According to the same authors, several studies confirm that ambient fragrances can increase purchase intention and the likelihood of purchase, facilitate sales, increase the time that consumers spent at the store and create the optimal level of stimulation. Thus, the mere presence of a pleasant scent can have a positive impact on customers' evaluations of the store, environment and products offered, and also their purchase behaviours (Spangenberg *et al*., 1996). Researchers, as well as retailers, should focus their efforts in understanding the factors that link scent stimuli to enhanced customer experience, turning this knowledge into a commercial advantage in the years to come.

2.3.2 Sound Dimension

As reported by Milliman (1986) it is evident that an atmosphere is composed and affected by several variables, being some considerably more controllable than others. One of these variables that is highly controllable is the sound of the atmosphere, commonly identified by its background music. Music can range from loud to soft (regarding its volume), from fast to slow (regarding tempo), from vocal to instrumental, from heavy rock to light rock, or even from classical to contemporary urban. According to Turley and Milliman (2000), music has been the most commonly researched interior variable of the retail atmosphere.

Regarding the music's volume or loudness, Smith and Curnow (1966) examined this characteristic and its effects upon shopping behaviours. They proved that significantly less time was spent in shops when loud music was played compared to when it was soft music, although there was no substantial difference in sales or in the customer's reported level of satisfaction (Milliman, 1982).

Music's tempo, in the other hand, was studied by Andersson et al., (2012) in two experiments carried out in different retail contexts, with distinct music tempos or no music at all. Results showed that music could positively affect the purchasing behaviour and the arousal level of customers, however it is moderated by the type of retail store and the customer gender. While

men reacted more favourably to fast paced music, women preferred slow tempo music playing (or even no music). Also, analysing the effects of music tempo, Milliman (1982) concluded that the tempo of in-store background music could significantly affect the pace of the in-store traffic flow and gross sales volume. Therefore, it was found that during slow music periods customers move more slowly through the store and tend to buy more. Inversely, as customers move more quickly through the store during fast music periods, they tend to purchase less. For the retail managers, the advice is to choose the music tempo (fast or slow) according to the intended objectives.

There were also researchers that analysed the impact of shopper's familiarity with the style of background music in retail establishments, as it was the case of Yalch and Spangenberg (2000). These authors demonstrated that individuals shopped for longer periods of time when listening to less familiar music compared with more familiar music. Moreover, individuals reported being less aroused while listening to the unfamiliar music compared to the familiar music. Moreover, although individuals reported shopping longer when listening to familiar music, they actually shopped longer when listening to unfamiliar music, indicating that music also has clear impacts on the perception of time.

Regarding the joint effect of different atmospheric dimensions, only a few studies could be found in this matter. In line with this, Morrison *et al.* (2011) stood out by testing the joint effects of music (volume) and aroma (presence/absence of vanilla fragrance) in a real retail setting. Results revealed that the arousal induced by music and aroma individually results in increased pleasure levels, which in turn positively influences shopper behaviours, including time and money spent, approach behaviour, and satisfaction with the shopping experience. In addition, the findings also indicated that having congruency and the right mix of aroma and music is an important additional contributor to pleasure levels and time spent in the store, independent of consumer mood states.

As it was possible to note in the results of several articles, it appears that the background music played in a store can have a significant influence on a variety of consumers' behaviours and interpretations of the store environment. More specifically, it can influence sales, customer satisfaction and arousal levels, perceptions of and actual time spent in the facilities and in-store traffic flow. Furthermore, the impact of music can be mediated by music volume (Smith and Curnow, 1966), music tempo (Andersson *et al., 2012;* Milliman, 1982), music familiarity

(Yalch and Spangenberg, 2000), common effect with other atmosphere dimension (Morrison *et al.,* 2011), among many other aspects.

Consequently, the kind of music a retailer chooses to play can help to develop a desirable atmosphere, which contributes to the image and positioning of the store and consumer behaviours (Farias *et al.,* 2014). The "right" background music may thus be critical for creating and conveying an appropriate impression for customers (Spence *et al*., 2014).

2.3.3   Visual Dimension

As mentioned before, Kotler (1973) considered visual atmospherics in terms of the colour, brightness, size, and shape of retail space; however, the two characteristics most studied in this dimension were the colour and lighting/brightness of the store atmosphere.

Bellizzi *et al*., (1983) noted that retailers have traditionally used colour to project an image or to create a desired store atmosphere. Moreover, retailers have attempted to use colours that encourage customers' approach behaviour and further attention to retail displays, while triggering buying mood and intentions. The latter authors undertook an experiment about the effects of colours upon attraction to display and upon store image. The results showed that customers were physically attracted to warm colour environments, such as red and yellow. However, paradoxically, they found warm retail environments to be usually unpleasant, negative, tense, and less attractive than cool colour retail environments, such as green and blue, that consequently were perceived to be more pleasant and calm (Olahut *et al*., 2012).

As a result, retail implications of this study suggest that warm colour environments are appropriate for store windows and entrances as a way to attract consumers, while cool colours should be used in the central display area to create a pleasant shopping experience.

In another study, Chebat and Morrin (2007) presented a continuation for the Bellizzi *et al*., (1983) research, where it was analysed the effects of warm versus cold colour environments, focusing on the perceptions of two different sub culture consumer segments. The results of the referred study indicated that mall décor schemes could have significant effects on shoppers' perceptions, not only about the store environment but also about the quality of products sold in the environment. Regarding the topic that related colour with culture, Chebat and Morrin (2007) found different reactions of the décor colour schemes by consumer subculture segment, with French-Canadians responding more to the warm colour décor and Anglo-Canadians responding more to the cool colour décor.

Regarding the effects of lighting as a visual cue in the store environment, most of the studies on this matter suggest that this factor can influence both the store image and the examination and handling of merchandise (Turley and Milliman 2000).

Babin *et al*. (2003) research addressed the importance of colour and lighting in retail atmospherics and shopping reactions, and also examined how consumers cognitively respond to these two characteristics in addition to retail pricing. Findings on the colour experiments were consistent with previous research of Bellizzi *et al*. (1983), since consumers showed more favourable evaluations, marginally greater excitement, higher store patronage intentions, and higher purchase intentions in cool (blue) store interiors, comparing with warm (orange) interiors. Regarding the perceptions of colours and light combined Babin *et al*. (2003) proved that consumers react more favourably to brightly light in environments with blue store interiors, while, soft lights should be paired with warm orange store interiors, improving the perceptions and experience of these atmospheres. In fact, the use of soft lights with an orange interior generally has the ability to nullify the negative effects of orange environments and can generate the highest level of perceived price fairness. In the other hand, the use of orange interiors with bright lights can reduce shopping intentions through reduced excitement. Furthermore, this last combination appears to produce expectations of very low prices. Overall, the study's results also suggest that effects of colour, lights, and price on behavioural intentions are mediated by each consumers' cognitive and affective associations.

2.3.4   Tactile Dimension

Tactile atmospheric dimension influencing the store atmosphere can be described in terms of the sensory stimuli qualities of softness, smoothness, and temperature (Kotler, 1973).

Beforehand, it seems plausible the assumption that the more consumers touch something, the more they will be willing to buy it. Actually, as Spence *et al*. (2014) referred, several studies indicated the importance of touch in retail environments, confirming that customers are more likely to purchase a product after they have touched or picked it up. Also, they may be willing to pay more for a product if they have touched it first. This last conclusion was drawn by Martin (2013) that analysed if different amounts of visual, auditory and touch stimuli have influence in the price customers will pay for an item. The author found that the more sensory information (sight, sound, touch) the consumer has, the higher will be his sense of comfort and price fairness. In contrast, consumers who only received sight and sound (no touch) stimuli found the average total overall price the highest.

Otterbring (2016) investigated if restriction or encouragement to touch products demonstrations while in in-store influences purchase behaviour. In fact, people intuitively believe that restricting product touch negatively influences the amount of money spent and quantity of products bought. However, this author experiment proved that customers in a retail store, who have their touch restricted during a product demonstration, would act counter-intuitively and would increase the money spent, as well as products bought, and would also prefer purchases of expensive products.

However, there is a down side to tactile examination by customers, namely, the possibility of "tactile contamination." Argo *et al*. (2006) propose a theory of consumer contamination suggesting that although consumers like to touch products while shopping, they tend to evaluate products previously touched by other shoppers less favourably. In other words, consumers like to touch certain products but do not like to purchase those products that may have been touched by others.

Touch can also be an effective marketing tool applied by salespeople. As Spence *et al*. (2014) exemplified, within a few minutes of entering a Lush store, shoppers likely will have been approached by an employee who will have offered to rub lotion into the customer's hands.

To conclude, according to the same authors, touch may constitute an important but perhaps underrated aspect of store atmospherics. Making sure that the clients feel comfortable, either by the temperature in the air, by the softness of the furniture or by the smoothness of the products, and giving them the means to interact with merchandise is the simple key to the success of many companies.

2.4 New Trends in Store Atmosphere

The intense competition in the current retail market, prompt the need to new and competitive ways to deliver the best to consumers, either in prices, availability, products, entertainment, inspiration and experiences. Given the revolutionary impact of technology, in particular, the Internet, and the changes felt in society and in consumer behaviour, retailers have had to be creative in devising strategies to attract their target audiences. In fact, the successful retailers of the future will be the ones that best recognise and adapt to these changes (Bailey and Bonifield, 2010; Westfield, 2014). Even though consumers still demand functional qualities and the best services and products, they now want something more than that. They want some excitement

with the value proposition (Bailey and Bonifield, 2010). They are demanding a new and different vision of retail.

In fact, the retail store atmosphere of the future will not be just about pretty lights, cool music, modern designs, a few perfumed candles and the installation of some forms of technology.
In order to develop a truly immersive and delighting in-store customer experience retailers need to take their brand as a whole to all of the shopper's senses and appealing to the heart's emotions and not just the brain's reasons.

Trends in store atmosphere such as co-creation, retailtainment, storytelling, hybrid stores, interactive screens, new payment methods, store mood zones, and interaction with employees, which will be further discusses, begin to give retailers a picture of what consumers nowadays value and how the store of the future will look like. Though these trends are still not a common practice in the retail industry, Westfield (2014) pointed out that many retailers are already starting to show signs of being early adopters, as they unlock the next moves of the retail industry and what consumers want most from their retail experiences.

2.4.1 Co-creation

Nowadays, the interaction between the firm and the increasingly informed, networked, empowered and active consumer is becoming the centre of value creation. In parallel, as the perception of "added value" shifts to experiences, the market is becoming a medium for conversation and interactions between consumer, consumer communities, and firms, leading to growing co-creation experiences as the basis of value creation (Prahalad and Ramaswamy, 2004). According to the Business Dictionary, co-creation is understood as a business trend that encourages interactive relationships, because allows a more active customer involvement with the company to create a richer customer experience.

In fact, the idea that companies can act autonomously is being challenged by empowered consumers that refuse the company-centric view of the market. As spotted by Prahalad and Ramaswamy (2004:6), "*consumers now seek to exercise their influence in every part of the business system. Armed with new tools and dissatisfied with available choices, consumers want to interact with firms and thereby "co-create" value.*" In other words, the concept of co-creation is related to the joint creation of value by the company and customer (it is not the company trying to please the customer as it is commonly thought), so that the customer can actively dialogue and co-construct a personalised service experience that suits his context.

As a way to overcome the ambiguity in the literature about value co-creation (VCC), Ranjan and Read (2014) were motivated to offer an unequivocal understanding of this theoretical construct. The authors noted that some previous definitions about VCC were personalisation-centric, others focused more on the participation of consumers in firms' processes, some consider experience as a source of value co-created, and there were others that emphasise relational bonding – making the need to integrate these different perspectives into a complete and clear one. As a solution, Ranjan and Read (2014) represented VCC as a theoretical representation of an extensive exchange process of joint production and consumption of value that would be equally applicable to any situation of exchange, even between a firm and supplier. The joint production is related with the co-production with customers or their participation in the product/service design process, while the joint consumption, or "value in use", *extends beyond the co-production, exchange, and possession of a good or service, and it requires customers to learn how to use, repair, and maintain a product or service proposition*", according to Vargo and Lusch (2004) in Ranjan and Read (2014: 293).

Therefore, high-quality and meaningful interactions that allow an individual customer to jointly co-create unique experiences with the company are view as the key to unlock new sources of competitive advantage. Nonetheless, to be successful, the company needs to invest in building new infrastructure capabilities, as well as new functional and governance capabilities that are based on co-creation through high-quality customer-company interactions and personalised co-creation experiences (Prahalad and Ramaswamy, 2004).

An example of a store that applied the co-creation concept was O bag. This handbags and shoulder bags brand, established in Italy in 2009, allows customers to customise its stylish bags inside the store. The customer can combine different handles and accessories available in a multitude of colours, combinations, materials and styles since the brand offers additional parts that can be mix and match according to consumer's needs and preferences, style, occasion and outfit of the day (O bag Website, n.d.). This way, according to the brand official website, O bag gives their customers a greater freedom to express themselves, to customise their own handbags by choosing among a wide range of possibilities and accessorising in a distinctive, personal and ever changing way. The organisation and layout of the retail store along with the welcoming and thoughtful staff, simplifies the interaction and information needed to the proper customisation of the bags.

2.4.2 Retailtainment

Since the appearance of the first mall centres that there always has been present some sort of entertainment for consumers. Moreover, the blending of retail and entertainment is a concept which has continued to grow and evolve over the years. As the growing importance and application of this combination have emerged, a term that has frequently been used is "retailtainment" (Coifman and Kennard, 2014). This concept was initially coined by George Ritzer in 1999 in his book, defining retailtainment as a technique that implies the proper use of the sound, ambience, emotion and activity of a store to get its clients interested and in the mood to buy. In other words, retailtainment brings entertainment inside a store with the principal objective to encourage consumers to buy and also to create a customer experience based on escapism and entertainment.

Since this concept is not recent, it seems necessary to understand the core reasons behind its increasing importance in today's retail paradigm. Coifman and Kennard (2014) referred that, in one hand, the power of the Internet transformed the transactional approach to retail, especially through online shopping, leading to an increased emergence for existing physical stores to step up their game and offer new experiences to differentiate themselves and give the consumer another reason to visit. In the other hand, the increase in in-home entertainment and gaming is making the more traditional forms of commercial entertainment in malls and stores less appealing for consumers, making commercial entertainment continuously working to offer enhanced experiences. Overall, the impact of technology on purchasing habits and the competition to attract increasingly savvy consumers that have specific needs and demand better experiences, lead retailers to be creative in devising strategies to attract their target audiences (Bailey and Bonifield, 2010).

As stated by Coifman and Kennard (2014), commercial entertainment, such as bowling centres, cinemas, ice skating rinks, children's play areas and free attractions, such as fountains, are established forms of entertainment in shopping malls. However, this generation of retailtainment has now become a standard in most retail centres and is no longer a factor of differentiation, leading to the need of creating new forms of retailtainment.

A successful application of retailtainment trend is visible in the Disney store in London's Oxford Street, which aims to provide unique customer experience to children by transforming the store into a complete amusement park, filled with Disney magic and interactive technology. The store provides several features that transport kids into a fairytale land, for instance, theatres

allow children to watch film clips selected by them, join karaoke contests or chat live with Disney Channel stars via satellite (White Hutchinson Leisure & Learning Group, 2009). Besides, the store includes a Disney Princess Magic Mirror, where youngsters can watch short stories from their favourite Disney princesses (Bull, 2011) and feel like one at the same time. According to the same author, the retailtainment experience is highlighted with a freshly-cut grass scent and music from Disney movies playing in the background. Disney representative Shawn Turner claims that "*It's about making this an experience rather than just picking up a toy. We want them [customers] to leave feeling like they had the full Disney experience. They don't necessarily need to go to the park to have that experience; they can get it at the local mall.*" (White Hutchinson Leisure & Learning Group, 2009).

2.4.3   Storytelling

"When we buy something, we're really buying a story, says Godin. A salesperson's job is to tell a story... The customer comes to exchange money for a story, and they'll believe the one that best matches their worldview... If you tell the salesperson your back hurts, you're saying, "Please tell me a story about the very best mattress that will help my back". " (Gilliam and Zablah 2013: 488). Essentially, the reasoning behind this trend is that stories stick to people's brains more than simple facts, and stories sell because people can relate to them. Therefore, retailers can use storytelling as a very compelling strategy when it comes to engaging with customers and drive sales (Nicasio, 2015). Nonetheless, plenty of retailers miss the storytelling brand-building strategy, as they continue to publish boring or disengaging content, and still promote their products in ways that people cannot relate with. The truth is that modern consumers want to experience new, interesting, or funny things, and the best way to give them that is by sharing involving stories and getting them to share their own (Nicasio, 2015), developing this way a meaningful connection and engagement.

As mentioned in an article on the Retail Resource (2015) website, one of the most important aspects of storytelling in retail is the setting according to writer Nikki Baird of Retail System Research. The whole environment must be aligned with the branding strategy and the key elements of the intended story. In addition, retailers can use their staff members as characters in the plot. From their uniforms to the way they greet customers, salespeople can be a useful tool in building an effective setting and atmosphere, even acting as narrators and leading patrons through the storyline. While not all salespeople may turn out to be great storytellers, training these professionals to use the right type of story in particular types of sales encounters, appears

to be a critical aspect to successfully use storytelling in sales contexts (Gilliam and Zablah, 2013). In the end, it is always a matter of telling the right story, at the right moment and to the right consumer.

An excellent example of this retail trend is the Build-A-Bear Workshop, a worldwide company that offers the experience for kids and also grown-ups (adults who are always kids at heart) to create their own personalised stuffed animal (Build-A-Bear Workshop, n.d.). Thus, in this store, customers do not buy just a regular teddy bear, instead, they engage in a magical adventure where dreams and their stuffed animal are made. According to information presented on the company's website, the whole interactive buying process includes the choice of the furry friend, the record of a special message (the voice of the teddy), the stuffing and stitching part with the help of attentive staf, the selection of a heart that is going to "*give them life*", fluff and brush, pick among hundreds of outfits and accessories and, finally, give them a name. This peculiar buying process is, in fact, the creation of the life story of the bear that is going to be bought and the development of a connection and identification process with it. In the end, customers leave the store with the feeling of creating a real teddy bear and a friend for life.

2.4.4   Hybrid Stores

Hybrid stores use brand's knowledge and expertise to create a store with different and multiple business areas. The several services in the store can be complementary or not, and must create meaningful and memorable experiences considering the brand lifestyle rather than transactional purchases (Malin, 2014). Moreover, this strategy provides the diversification needed to keep the store relevant and to appeal to several segments of the marketplace. In several cases, consumers who are attracted to one service will feel the urge to engage and use/buy other services/products offered in the store (WiseGeek, n.d.).

According to the same website font, this in-store trend allows the retail space to attract new customers, promote slow shopping and address impulse purchase, all leading to an overall increase in sales. At the same time, it intends to break the online shopping trend and create an immersive experience that engages the customer. Even though this type of establishments can become somewhat complex, the ability to establish a presence in more than one market translates into less vulnerability to adverse conditions that may occur occasionally in either of those markets, allowing the company to remain financially viable and stable.

There are several cases of mixed-use retail spaces that delight consumers with products, services or experiences that either work well together or are completely unexpected (McQuarrie, 2014). An example of a good unexpected combination is the concept of Her Majesty's Pleasure in Toronto's downtown, which includes a beauty salon, café, boutique, and cocktail bar (Venerayan, 2014). According to their official website, the intention behind this establishment was to create a new and unique lifestyle concept, reinventing the typical salon and spa visit into a special environment that socialises the beauty experience. Therefore, in this salon, while getting styled up by the best professionals, it is possible to meet friends, enjoy cocktails and celebrate special moments (Her Majesty's Pleasure, n.d.).

Another good example of the application of the hybrid concept is the Dolce & Gabbana men's shop located in London. This flagship store exposes the finest fabrics and Italian tailoring traditions combined with a traditional Italian barber shop (Dolce & Gabbana, n.d.). The location connects with British traditions while the furniture was brought from Milan and Sicily to create an Italian ambience. The combination of the fashion boutique with the possibility of getting the beard and hair trimmed was a way for this luxury retailer to develop a premium service that capitalises on the "cash-rich, time-poor" consumer (Malin, 2014) that has a particular attention for its looks. This way, Dolce & Gabbana could offer its clients an additional service and, at the same time, maintaining its consistent brand positioning and brand image.

According to the previous examples, and in an attempt to predict the concept of the store of the future, it can be said that more and more stores will try to provide almost everything and satisfy all customers in the same place. Stores selling just a specific product or service will disappear (or at least decay), and entertainment/lifestyle concepts stores will tend to grow.

2.4.5 Interactive Screens

Due to the widespread use of mobile technology devices such as smartphones, smartwatches and tablets, most people are used to some degree of interactivity in their daily routines. So it seems only natural that this interactivity becomes a part of consumers' shopping experience as well (Rudiger, 2014). In fact, the use of digital technology by retailers in bricks and mortar stores has grown rapidly over the last few years (Charlton, 2013), as it provides an exciting brand experience both inside or outside the store location. Using these devices for online shopping, inventory display, or digital storytelling, retailers of several sectors are discovering the business opportunities of interactive mirrors, projections, screens, windows and kiosks displays. This interactive trend, brought to the world of retail to challenge a static customer in-

store experience, is having a huge success because it moves customers' imagination, simplify customer interactions and transactions, and it is a fast and intuitive form of entertainment and information (Whisbi, n.d.).

From mirrors that work as video screens, staff armed with iPads and mobile POS devices to enable them to serve customers anywhere in the stores and cut the queues down, motion-sensitive screens which display footages as customers walk through them, and interactive touch screens and kiosks to allow customers to access further information about products and order online (Charlton, 2013), these are just some of the options of how retailers can use interactive technology to enhance the in-store experience for shoppers.

As a matter of fact, Touch Screens Melbourne (2015) website reported that "*Forrester Research highlighted that as much as 80% of retailers with both physical brick-and-mortar establishments and online stores intend to install and make use of interactive touch screen kiosks at their locations.*" Moreover, it is easy to understand this growing adoption, since interactive retail displays offer some distinct and exciting advantages over traditional display setups. These devices improve efficiency as they enable continuous operations, informing and serving customers even when human personnel is not available. They also allow better customer service quality while reducing as waiting time. The data stored on these devices about a specific customer can also help analyse, understand and predict consumer behaviour (e.g. what products were browsed or what kind of information was searched for in a specific moment) (Whisbi, n.d.). Also, interactive displays tend to be eye-catching, and the best displays usually have a surprising factor that draws consumer attention. By interacting with a display, customers are provided with a specific experience that allows them to build a relationship with a brand, driving customer engagement, customer confidence and brand loyalty (Rudiger, 2014).

These technological devices have already been applied to several retail sectors, from supermarkets to clothing stores and even in restaurants, always with different purposes and usages. Taking the example of restaurants, in order to increase customer participation and to break the typical routine of ordering a pizza, giving consumers more freedom and autonomy, Pizza Hut has designed an interactive display that would let customers create a digital version of their pizza on the restaurant table (Miller, 2014). Pizza Hut released a concept video which demonstrates how an interactive touch-screen table could be used to customise every little detail of the pizza order, from the base, the sauce, the size, and the toppings (Kooser, 2014). The table can even recognise and connect to a customer's smartphone and allows quickly payments

through credit or debit card. Once the dream pizza is finished, the order is sent to the kitchen and, at the same time, a clock on the table reveals how long it will take until it is ready. The touch surface also has gaming applications that customers can play while they wait (Zolfagharifard, 2014), working as an entertainment form and a way to reduce the perception of waiting time. In the end, one thing is guaranteed, the interactive table looks like a lot more fun than a simple old paper menu (Kooser, 2014).

2.4.6   New Payment Methods

The way consumers pay for their consumptions is innovating and changing at a very fast pace. Nowadays, consumers do not pay just with cash, credit card or cheques. They pay for their products with contactless cards or mobile apps, or even buy online using their phone and get it delivered at their homes (Gloor, 2014). This payments' trend was already visible with mobile phones, but it is expected to see these payments become less dependent on smartphones over the next years, and include new wearable technology, such as smartwatches, bracelets and even rings that will enable consumers to pay on the move (Ohlhausen, 2016).

In reality, more and more consumers are cutting down the use of cash and progressively adopting alternative payment methods, influencing, in turn, the revolution of a cashless society (Ohlhausen, 2016). As a result of this, retailers are increasingly under pressure to implement new payment technologies, as shoppers demand simpler and more innovative ways to pay (MasterCard, 2015). Even though up to 79% of retailers and other institutions believe consumers want a broader choice of payment tools, and with 73% in agreement that new payment technologies will provide benefits to their organisation, over half of these entities (52%) are holding back on their investment in new technology because of security concerns, as referred by Ubaghs (2015) in the 2015 Global Payments Insight Survey.

The new Samsung Pay, along with the Android Pay and Apple Pay, are examples of a contactless payment method, considered as fast, easy and secure by Graham Peacop, CEO at the UK Cards Association (Preece, 2015). This approach embeds NFC (near field communication) technology that enables contactless mobile payments with a straightforward and easy process since it is only needed to hover the phone over the retailers' payment terminal and verify the transaction on the phone with a fingerprint or a passcode (Gerstner 2016). With Apple, Google and Samsung all offering their own mobile payments' services to customers, with similar functions but with crucial differences that could edge one over the other, the mobile

payment industry is now facing the urge to adapt and evolve rapidly. In turn, all of these contribute to the decline of the conventional retail payment methods as they are known today (Preece, 2015). According to the same article, in the near future, it will be the norm to transfer money and make payments between individuals and businesses with a quick "tap and pay" function of everyone's phone.

More recently, the payments industry took a step even further with the introduction of an innovative way of payment: the *"pay by selfie"* system. Amazon and MasterCard are among the companies that implemented a facial recognition software that allows customers to authorise transactions by holding up smartphone cameras and taking selfies (Rao, 2016). As a result, this process of authentication of the buyers' face is considered not just convenient, but also much more secure than typing passwords and pin, which are susceptible of being stolen.

According to an online press release from MasterCard (2015), Carlos Menendez, Executive Director for International Markets, said "*The wave of social engagement we see every time new payment innovations are rolled out truly reflects the demand and desire for new and more convenient ways to pay. It also shows that payments have really moved into the heart of the shopping experience – causing frustration when not accepted and engagement when fast, easy and personal.*"

2.4.7   Store Mood Zones

As it was previously mentioned, ideally, retail atmospheres should be perceived as pleasant and moderately arousing by consumers (Olahut *et al*., 2012). Stores with pleasant and moderately arousing ambience are likely to contribute to the overall favourableness of the store and positively affect shoppers' behaviour (Chebat *et al.,* 2010). In fact, almost everything can influence the customer experience at the store (and, consequently, customers' mood), such as crowded spaces, the intensity of light, the temperature, the cleanliness, the colours and textures of the walls, the overall design of the space, the style of music played in the background, the pleasantness of fragrances, the attractions/distractions that the store has, and so on.

Throughout the years, many researchers have proved that consumer's mood is an important mediator between the store environment and the consumer behaviour. In addition, it can have a considerable effect on consumer shopping behaviour, since the mood can influence whether consumers will spend more or less time in a store, purchase something, or just browse the store (Lynott, 2015). According to Novikova (2015) shoppers that are stressed out or tired are more

sensitive about price and spend little productive time at the store, either because they are rushing to get out of the store or because they simply wonder feeling lost. On the other hand, happy and confident shoppers follow their mood flow: they are more willing to browse, explore, play and engage in a purposeful shopping, without being in a frugal mode. Therefore, the same author suggests that retailers should invest resources in creating a step-by-step shopper experience that enhances positive moods and helps minimise the negative ones. This can be made by mapping different store mood zones with particular impacts on consumers' mood and improving (or completely re-designing) each key zone using shopper insights and good retail design.

In an attempt to put consumers in his best purchase mood, Whole Foods Market concept is based on the idea that when consumers walk into the store, they immediately received several stimuli from the environment through sights, sounds, smells, and various things to touch and experience. This grocery store, the largest natural-foods chain in the world, created an ambience of a festive street-market with several displays of fresh food and tasting stations (The Economist, 2007). Whole Foods Market, displays its food (particularly fruit) in shelves resembling a typical farmer's market, with hand written signs, nothing wrapped in plastic, and with the products organised in large and appealing pyramids as a way to bring out the colours and highlight the products' quality. At the entrance, shoppers are gifted with the scent of fresh flowers and inside the store sometimes is possible to notice the unmistakable smell of newly baked bread. It is also possible to eat in the healthy menus in the store restaurant, try food samples or buy to-go food, such as salads and prepared meals. All these elements and atmospheric cues reinforce the brand integrity and brand positioning as the "*America's Healthiest Grocery Store*" (Whole Foods Market, n.d.), and transform the grocery's shopping into a pleasant experience for all senses, leaving the customer always in a good mood. The final verdict is that even though it is not always possible to put everyone in a happy mood, using every tool and technique available toward that end will be well worth the effort (Lynott, 2015).

2.4.8   Interaction with Employees

One of the key factors to deliver a pleasant customer experience is through the interaction between employees and consumers. Many times, frontline employees, who are the closest to customers, are seen as spokespeople for the company. Therefore, their role in this interaction is vital, as employees are considered drivers to create customers' satisfaction and engagement while in the store. This interaction is even more important in the case of a service failure or complaint management (e.g. when the service is not delivered well to the customer or when

there are flaws that need to be fixed), since complaints have to be managed directly by frontline employees as they have the role to clarify and satisfy the customer in the given conditions (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 communication tool, and sometimes consumers hold higher levels of trust in salespeople rather than in other sources of communication (Laer and Ruyter, 2010). In fact, customers hold high value when influenced by employees with a correct and well-mannered conduct, with dedication and interest, product knowledge, empathy, the skill to communicate clearly with the right information and the capability to solve problems (Gounaris, 2008).

An example of an interesting approach to the customer-employee interaction was made recently by Wal-Mart. According to Zumbach (2016), the supermarket chain from the USA announced that it would contract more employees to store front entrances that will be in charge of greeting everyone that enters the store, as a way to make customers feel welcomed. Besides, these employees will also be helping with product returns, discourage and prevent any shoplifting, take care of security issues and improve the overall customer service. These employees will be using a yellow vest, since this way it is easier to customer spot them when shoppers need to ask for help (Zumbach, 2016). Even if consumers will not need o want the help, they will certainly be pleased by the attention towards them and will feel important and welcomed (Miller, 2010). At the end of the day, it is all about the initial engagement and how the employees treat customers from the moment they enter the store. How the customer-employee interaction starts will ultimately determine how the rest of the shopping experience will go, whether clients will buy and recommend the store to their friends and family, or turn around and walk out and never returning again (Miller, 2010).

Apple Stores are known for being attractive places and where customers feel good and leave with the desire to return. One of the reasons that lead to a successful customer experience is the excellent customer service and interaction with the staff. Following a research of Gallo (2012), Apple retail stores train their employees to follow a five-step model to prepare them to deal with every moment of the customer interaction since customers enter the store, delivering this way an enhanced customer service. In fact, the brand name "Apple" could be perceived as an acronym, with each letter corresponding to a step in the model. This way, A stands for "*Approach customers with tailored, warm welcome*", P means that employees should "*Probe*

respectfully to comprehend all the customer's needs", the other P stated the need for "*Present a solution for the customer*", L represents the act of "*Listen and resolve any issues or concerns*" that customers may have, and finally, E says that employees should "*End with a caring farewell and an invitation to return*" (Gallo, 2012).

Based on these examples, it can be seen that retailers that want to improve their overall customer shopping experience are investing more and more on customer-employee interaction, training their staff and offer them the right tools to do their works efficiently. In this sense, company-customer interactions should be shaped to please customers with the help of well trained and highly motivated employees who are better prepared to generate increased return on investment for the firm and a higher engagement from the customers (Cambra-Fierro *et al*., 2014).

2.5 New Store Atmosphere Trends Applied to Banking Sector

As stated by Garg *et al*. (2012), nowadays, services have a clear importance and are present in distinct sectors such as hospitality, travel, banking, insurance, telecommunications, and many others, all of them with different service encounters' particularities. The nature of service encounter in each sector plays a crucial role because the customer not just buys the service delivered by an organisation, he also gets the whole experience from that organisation (Bateson, 1995).

Focusing now specifically on the banking sector, according to Reinares and Garcia (2012), financial entities have made considerable investments in designing, building and restoring their facilities, which currently serve as the main distribution channels for their services and the primordial point of customer contact. Nonetheless, current banking management is considered inadequate as proved by the resoundingly negative customer evaluations of establishments. In fact, as stated in McDonnell (2007) article, despite several efforts to develop strategies to convey a favourable image for bank branches, the first impression of consumers tends to be a negative one related to waiting lines, and frustrated consumers. Moreover, findings from Reinares and Garcia (2012) study revealed that consumers do not enjoy visiting banks or saving banks, neither like remaining within such places for an extended time.

Consequently, according to the same authors, banking establishments must improve experiential, environmental and physical aspects of their stores and redesign them to ensure that customers are placed at the centre of such spaces. First, banks should focus on providing positive experiences by applying strategies to reduce a client's perception of time spent in the

store and assisting clients in feeling welcomed and comfortable in the space. Above all, employees should strive to provide customers with a pleasant and memorable treatment. Regarding physical and environmental changes, these must be decided based on how the establishments want to be positioned and perceived by customers. This redesign includes modifying furniture, windows, access entries, advertising, smells, music, lighting and many other elements. In summary, banking establishments should be conceived based on customer-oriented designs (Reinares and Garcia 2012).

Following the study above, several research questions (RQ) arise:

RQ1 – Is the current banking atmosphere considered unpleasant by its customers, resulting in a negative in-store experience?

RQ2 – Are banking establishments in need to modify their store atmosphere strategy, turning it into more customer oriented designs?

RQ3 – Do customers' attitude towards the banking store atmosphere reflects on the attitude towards the banking institution?

Due to the all reasons above stated by Reinares and Garcia (2012), changes in the banking atmosphere seem to be indispensable in the current marketplace. And, as Farias *et al*. (2014) indicated, manage a proper customer experience would not be an easy task for managers but in current marketplace, offering a memorable experience can make a huge difference for a business.

However, before making any decision towards change, managers and marketers must know in which particular actions, methods and processes their attention needs be focused and their investment directed. Following Garg *et al*. (2012) study, their purpose was to identify the critical success factors which measure customer experience in banking organisations more efficient and purposeful. Findings suggested that factors such as **convenience**, **employees**, **online functional elements**, and **servicescape** (another term for store atmosphere) are critical for enhancing the customer experience in banking organisations, and, therefore, managers should focus on improving these key factors to attain desirable customer experience, sustainable competitive advantage and customer delight.

According to the previous information that highlighted the growing need for banks to adapt to the desires of the XXI century customers, and considering the new trends in store atmosphere, the thematic of new store atmosphere trends in baking sector arises as a way for banks to face

current challenges and attract more customers. However, it is important to notice that even though all trends contribute to a better store atmosphere in retail stores, some of them are more appropriate and suited to some sectors compared to others.

Following this logic, from the list of new trend in store atmosphere previously presented, it is recommended the implementation of only some of them to the banking sector, such as interactive screens, store mood zones, interaction with employees, and co-creation. The reaming trends, as will be carefully explained in the following paragraphs, namely retailtainment, storytelling, hybrid stores and new payment methods, are not recommended to apply in the banking sector because either they are not aligned with the characteristics and purpose of this sector or because there is still not viable and successful examples of their application in the considered sector.

Retailtainment and storytelling are trends that are not aligned with the positioning of trust, credibility and seriousness that bankers want to transmit to their clients. Furthermore, these trends are not in agreement with banks' "*promotion strategies on the quality of service they promise*" (McDonnell, 2007:224). Besides this, as it was seen before, the objective of such trends is to entertain and stimulate the shopping experience of customers, however, on the other hand, the aim of banks passes thought gain consumers' confidence in their quality services and provide them with an environment that reflects that intention.

To develop **hybrid stores** in banks would be necessary to add more business areas and provide a diversified service to clients. However, the same reasons that excluded the possibility of implementing retailtainment, storytelling and trends in banks would also apply to hybrid stores. In that sense, the offer of other services besides the financial ones could damage the overall image of credibility of the banking establishment.

Regarding **new payment methods,** according to news from The Business Review Europe website, Wadlow (2016) states that several major UK banks launched a mobile payment app, offering a simple and secure method for users to make a purchase online, via an app or in store, where money moves instantly from a customer account to a store account through real-time payments. However, even though that the banking sector is behind major advancement in this trend, the impact that new payment solutions (like the previous app) will have in the store atmosphere in their own bank branches would be very reduced or even null, since it would be used mainly in sectors where customer would engage in purchases and need to pay for products and services instantly. Besides, as most payments in banking sector are made automatically to

customers account, as it happens for example with bank interests, this trend is also among the ones that would not influence customers' curiosity in banking facilities and enhance their overall satisfaction and in-store experience.

After clarifying the motives for the not recommendation of the previous trends, on the following section, the focus will be on the recommended store atmosphere trends to banking sector. These will be discussed, along with the reasons that support their implementation and examples of the same trends already applied to banking. Eventually, this will provide a better understanding of the trends' itself and their implications.

2.5.1   Interactive Screens

The application of interactive screens in banking establishments is recommended, not just to increase the **convenience** levels for the customer, but also because these POS devices work as **online functional elements** that will affect the customer experience through interactivity and usability. In addition, the installation of interactive screens is a strategy that will help to reduce the client's perception of time spent in banks, since consumers while waiting to be attended by banking tellers could use the screens to be entertained, play games, take customer service surveys, search for more information about banking services and the company itself, or even to entering preliminary personal information to streamline the service experience (Davis, 2015). In fact, as seen in Reinares and Garcia (2012) study, the perception of time spent in banks was one of the elements that needed to be reduced to provide a better customer satisfaction. Thus this trend seems to address and minimise this existent gap while offering many other benefits.

A good example of a banking organisation that installed a unique digital signage with several interactive screens was Umpqua Bank, a financial establishment based in Portland, USA. According to a post from Integrated Communication Systems (ICS) (2013), Umpqua Bank, introduced a better concept of digital and interactive banking to their branch in San Francisco's Financial District by installing several walls of interactive digital displays both inside and outside the store, as a way to attract customers into the bank and provide them with a state-of-the-art experience. Powered by LCD displays, the walls show a variety of items such as daily news, the weather, and the Umpqua twitter feed when no one is standing in front of the screens. Then, as soon as a customer approaches, a motion detector triggers interactive content to appear. Then, clients and staff could navigate through a variety of interactive options, including viewing customer's profiles, a history of the company and graphical representations of the banking services. Outside the store, when walkers pass by Umpqua Bank's branch, screens on the

windows display the logo of the bank in changing colours from green to red, and also with streaming patterns flowing across the words. Summing up, considering all the possible applications and advantages that the use of interactive screens provides, it seems that other banking establishments could also leverage on this store atmosphere trend.

From this example of interactive screens used in a banking environment, the following research questions for this dissertation arise. These questions will be tested in a Portuguese banking context:

RQ4 – Do banking customers support the implementation and recognise the benefits of using interactive screens during the attendance process?

RQ5 – Do banking customers support the implementation and are motivated to use interactive screens while wait to be attended?

RQ6 –Overall, does the existence of interactive screens in banking facilities positively affects the perception of banking store atmosphere, and consequently influences the customer in-store experience in a positive way?

2.5.2   Interaction with Employees

Without a doubt, the interaction with **employees** is critical for consumer satisfaction while in the store. In this way, Garg *et al*. (2012) stated that banking organisations should invest in proper human skills, training the behaviour, capability and promptness of employees, in particular, the front office ones, as a way to significantly build and boost the banking experiences of the customer. This vision is aligned with the one from Cambra-Fierro *et al*. (2014) that defends that an enhanced company-customer interaction is more likely to generate higher return on investment for the firm and a higher engagement from the customers.

Based on these insights of customer-employee interaction, a new feature of the Regions Bank was the introduction of a video teller service. Video teller machines (VTM's), somehow similar to regular ATM, can offer a personalised banking experience outside typical banking hours. Because these machines allow customers to speak directly with a Regions' representative on a video monitor via live chat (while he is controlling the machine and all its functions), they provide much more possibilities than a traditional ATM machine. For example, if someone loses their ATM card or forget the PIN, it will be possible to prove one's identity by answering security questions and showing photo identification (e.g. driver's licence) to the teller. In addition to processing several transactions, VTM can help customers with account maintenance and general inquiries. Video Teller representatives are available to customers seven days a week

before and after traditional banking hours, even on weekdays, Saturdays, Sundays and most holidays. The new banking concept will help Regions develop further branch designs by combining service and technology innovations with extensive feedback and interaction from customers, creating a simple and more convenient banking experience (Regions, n.d.; Weisbaum, 2013; Marous, 2015).

Based on the innovative example of VTM and the undeniable importance of customer-employee interaction, in this case the use of digital interaction, some questions have been proposed for this study in a Portuguese banking context:

RQ7 – Does the digital interaction between customer and employee makes the attendance process easier, resulting in customer satisfaction?

RQ8 – Overall, does the digitalisation of customer-employee interaction positively affects the perception of banking store atmosphere, and consequently influences the customer in-store experience in a positive way?

2.5.3 Co-Creation

According to a PWC report from 2014 that analyses the Retail Banking of the future, it is mentioned that, among several things, banks will have the need to (re)organise themselves around clients instead of products, services or channels, and develop the ability to recognise customers' uniqueness and tailor their offerings so that customers perceive banks as "meeting their needs" instead of "pushing products". In line with this, Spena *et al*. (2012) also stated the need for firms to look further than products and services offerings to see how customers experience value propositions and connect the two. The same authors also clarify that a company needs to provide artefacts and an environment in which consumers can have an active dialogue and where would be possible to co-construct personalised experiences. Similarly, Puccinelli *et al*. (2009) assigned great importance to the store atmosphere, which includes its design, ambience and social cues present in a physical space, in order to enhance a personalised customer experience (Spena *et al*., 2012).

A banking branch that implemented co-creation in its processes was the Parisian branch of Crédit Agricole with the launch of the Alpha Project (Roth, 2013). According to the author, this branch created a physical space in the centre of Paris with the aim to invite customers and let them suggest and test new ideas and to eventually co-create the bank-client relationship. Tugdual de Latour, the manager of Alpha project, when interviewed by Roth, said that the project included the creation of a dedicated Facebook page where was shared updates,

upcoming events and other news about the project, and also where clients can start discussions and share their own ideas. In addition, the bank also sends online surveys to their customers to get simple inputs about several subjects and organise in-person workshops with clients and also individual meeting to get clients feedback – taking the co-creation process offline. The rationale behind this ambitious project contradicts the thought that clients are not aware of what they want/need and that it is worthless to ask their opinions and because they will be irrelevant or impossible to implement. In fact, as stated by Tugdual de Latour *"Co-create a project with consumers allows us to be more realistic, to better adapt the project to their needs and to optimise our investments"*. Therefore, the creation of tomorrow's banking relationship will only be possible with a co-creation effort and by listening to clients opinions and testing innovations with their presence at local branches (Roth, 2013).

From the project above, which its application could be tested in a Portuguese banking environment, the following questions appear:

RQ9 – Do banking customers support the implementation and are motivated to use co-creation platforms whether online or offline?

RQ10 - Overall, does the use of co-creation trends positively affects the perception of banking store atmosphere, and consequently influences the customer in-store experience in a positive way?

2.5.4 Store Mood Zones

The implementation of store mood zones involves the proper maintenance of the physical environment, in particular the handling of **servicescapes** elements such as hygiene facilities, cleanliness, comfortable seats, aesthetics, accessibility, layout, displays and electronic equipment (Wakefield and Blodgett, 1996), as a way to influence customers' senses, and consequently their moods. The correct use of all these elements, and their congruency among each other, will lead to an enhanced experience of banking customers. As a matter of fact, consistent with the referred study of Garg *et al*. (2012), servicescape was considered one of the principal elements that needed to be properly managed to attain pleasant customer experience. In addition, Reinares and Garcia (2012) stated that banks should focus on developing spaces where customers feel welcomed and comfortable, creating truly customer-oriented designs. Therefore, the implementation of several different store mood zones inside the bank facilities was considered an important trend to apply to the banking sector. Not just because it would match the previously stated banking needs by developing a customer-oriented space, but also

because it would enhance positive moods and helps minimise the negative ones, it would improve the customer perception of waiting time, and finally because it would be a differentiator factor when comparing to other banking competitors.

Returning to the example of Umpqua Bank, despite introducing a digital component to their branches with the application of interactive screens, the bank's intention was also to innovate in other areas of their physical environment, transforming it into a pioneer community bank. To accomplish this vision, the bank branch turned its space into several distinctive mood zones, offering diverse activities inside the same space. Therefore, in Umpqua Bank it was possible for customers to drink a cup of Umpqua's signature coffee blend or tea in the coffee area, surf the Internet on provided wireless laptops, and enjoy a selection of books and periodicals in the store's reading library (Marous, 2015), besides taking care of their usual banking matters. The bank also includes a kid's corner where children could play; this way, bringing their daughters and sons to banks was no longer a problem for customers. Besides this, the bank showed also to be concerned about the "*man's best friend*", since customers' dogs were allowed inside the facilities and received free treats, bowls of water and have their own space to play. All these zones have its different "personalities" and design characteristics, hence influencing client's moods in a variety of ways. Umpqua also provides after-hour use of the space and hosts community activities such as art exhibitions, poetry readings, yoga classes and children's theatre performances, and also opens its spaces to host conferences of local businesses (Smith, 2015). The overall goal was to make the concept of the banking experience much more welcoming, cosier, relevant and less intimidating (Kish, 2015), focusing more on customer experience and reinvent the way consumers see, behave, experience and think about banks.

In an attempt to recreate the concept of store mood zones in a Portuguese banking environment, the following research questions will be tested:

RQ11 – Do banking customers support the implementation of a pets' area in a banking facility?

RQ12 – Do banking customers support the implementation of a children's area in a banking facility?

RQ13 – Do banking customers support the implementation of a self-service area in a banking facility?

RQ14 – Do banking customers support the implementation of a library and reading area in a banking facility?

RQ15 – Do banking customers support the implementation of a television area in a banking facility?

RQ16 – Overall, does the implementation of store mood zones in banking facilities positively affects the perception of banking store atmosphere, and consequently influences the customer in-store experience in a positive way?

As a way to summarize all the previous information, in the next table, it is possible to see the new trends that are recommended to the banking sector and that are going to be the subject of study, along with the examples inside and outside the sector in consideration. The trends whose application is not recommended are also displayed.

Table 1: New Store Atmosphere Trends inside and outside Banking Sector

New Store Atmosphere Trends inside and outside Banking Sector				
Trends that are going to be studied	Examples in the banking sector	Examples in other sectors	Trends not applicable to the sector	Examples in other sectors
Interactive Screens	Umpqua Bank	Pizza Hut	Retailtainment	Disney Store
Store Mood Zones	Umpqua Bank	Whole Foods Market	Storytelling	Build-A-Bear Workshop
Interaction with Employees	Regions Bank	Wal-Mart; Apple	Hybrid Stores	Her Majesty's Pleasure; Dolce & Gabbana Barber Shop and Boutique
Co-creation	Crédit Agricole in Paris	O Bag	New Payment Methods	Samsung Pay, Android Pay and Apple Pay; *"Pay by selfie"*

To sum up, the management of banking establishments should specifically take attention towards the four key factors previously discussed - convenience, employees, online functional elements and servicescape - from the strategic to the operative level, in addition to the implementation of new trends in store atmosphere, such as interactive screens, store mood zones, interaction with employees and co-creation. All of these will contribute to building experiences to the customer, which in turn will reflect in customer satisfaction, retention, word-of-mouth and growth of the banks (Garg *et al*., 2012).

Besides the recommended trends, banks should also be attentive to constant new trends appearing in this challenging business sector. To finalise, quoting the PWC (2014:1) report about Retail Banking of 2020: "*Powerful forces are reshaping the banking industry. Customer expectations, technological capabilities, regulatory requirements, demographics and*

economics are together creating an imperative to change. Banks need to get ahead of these challenges and retool to win in the next era. Banks must not only execute on today's imperatives, but also radically innovate and transform themselves for the future."

3. Methodology

After the literature review, where extensive knowledge regarding the subject under discussion was provided, the current chapter will outline the methodological and research choices of this dissertation. This includes the distinction between primary and secondary data, the explanation of the purpose of the study, the identification of all data collection methods used, the sample characterisation and the sample techniques undertaken. All the methods and processes applied in this study are meant to better understand and reach conclusions about this dissertation's main objective: to investigate which store atmosphere new trends should be implemented in the Portuguese banking sector as a way to improve the in-store customer experience, also leading to better evaluations of the banking establishment.

3.1 Primary and Secondary Data

This dissertation includes both primary and secondary data, as a way to enhance the understanding, the quality and validity of the research study. Secondary external data is related to the literature review, which was the starting point of this project, and contributed to gathering information about the topic under concern from previous researchers. Churchill and Lacobucci (2010) stated that this type of data collection is cheaper and less time consuming than primary data and, in addition, they also add that any respectable marketing research should always start with secondary data.

In this specific case, even though there was a solid theoretical background in the form of secondary data, there were no previous studies made regarding the exact research problem under analysis. This situation led to the need to collect new and fresh data - primary data - and perform an empirical analysis. The method for data collection selected was through focus group and personal in-depth interviews.

3.2 Purpose of the Research

As it was stated before, the overall aim of the present study is to offer a better understanding of the new store atmosphere trends, as a way to enhance the management of the physical space and atmosphere of retail banking establishments. In more detail, it will be investigated which store atmosphere new trends should be implemented in the Portuguese banking sector as a way to improve the in-store customer experience.

In a similar way to the Reinares and Garcia (2012) study, the understanding of such matter will lead to the reach of the following two goals: first, the acknowledgement of the close relationship between banking physical facilities and the behaviour, opinions and experiences of consumers; and second, the empowerment of banking companies to better decide how to design, build and manage the space in their facilities.

Therefore, since several recent store atmosphere trends have seen notorious results in different retail sectors worldwide, some of these trends will be tested to determine the viability of their implementation in a Portuguese banking context.

To achieve the intended results, it will be important to, in the first place, discover the clients' feelings and opinions regarding the actual physical atmosphere of financial banking establishments, as a way to understand the main characteristics of such spaces that need to be improved the most. Afterwards, this research will try to identify what are the features and qualities that play a major part in the development of the concept of the "bank of the future" - an improved physical environment capable of providing a better customer in-store experience to all clients.

3.3 Qualitative Study

Both qualitative and quantitative studies are highly suitable to use, and each one has its specific advantages. However, the research methodology chosen between these two will depends on the goal intended to accomplish with the research project (Shields and Rangarajan, 2013).

Since the present dissertation was developed on the basis of an exploratory character and was executed with the intent to further understand consumer's opinions about banking atmosphere and evaluation on possible store atmosphere trends, the choice of research technique fell on the qualitative approach. Besides, the selection of this methodological approach (exploratory and qualitative) was also related to the lack of relevant and relatable information about the topic under analysis – situation that made difficult the implementation of a quantitative study.

Therefore, to attain the intended knowledge, qualitative studies in the form of focus group and personal in-depth interviews in a virtual reality environment were conducted, testing several research questions about the selected store atmosphere new trends. In the following table is possible to observe the methodology proposed, the research questions that will be analysed and the respective new trends under consideration.

Table 2: Methodology and Research Questions for Recommended New Trends

Methodology and Research Questions for Recommended New Trends		
Overall Sector Assessment	**Methodology Proposed**	**Research Questions**
	Focus Group and Virtual Reality (followed by an interview)	**RQ1** – Is the current banking atmosphere considered unpleasant by its customers, resulting in a negative in-store experience? **RQ2** – Are banking establishments in need to modify their store atmosphere strategy, turning it into more customer oriented designs? **RQ3** – Do customers' attitude towards the banking store atmosphere reflects on the attitude towards the banking institution?
Recommended New Trends	**Methodology Proposed**	**Research Questions**
Interactive Screens	Focus Group	**RQ4** – Do banking customers support the implementation and recognise the benefits of using interactive screens during the attendance process? **RQ5** – Do banking customers support the implementation and are motivated to use interactive screens while wait to be attended? **RQ6** – Overall, does the existence of interactive screens in banking facilities positively affects the perception of banking store atmosphere, and consequently influences the customer in-store experience in a positive way?
Interaction with Employees	Focus Group	**RQ7** – Does the digital interaction between customer and employee makes the attendance process easier, resulting in customer satisfaction? **RQ8** – Overall, does the digitalisation of customer-employee interaction positively affects the perception of banking store atmosphere, and consequently influences the customer in-store experience in a positive way?
Co-Creation	Focus Group	**RQ9** – Do banking customers support the implementation and are motivated to use co-creation platforms whether online or offline? **RQ10 -** Overall, does the use of co-creation trends positively affects the perception of banking store atmosphere, and consequently influences the customer in-store experience in a positive way?
Store Mood Zones	Virtual Reality (followed by an interview)	**RQ11** – Do banking customers support the implementation of a pets' area in a banking facility? **RQ12** – Do banking customers support the implementation of a children's area in a banking facility? **RQ13** – Do banking customers support the implementation of a self-service area in a banking facility? **RQ14** – Do banking customers support the implementation of a library and reading area in a banking facility? **RQ15** – Do banking customers support the implementation of a television area in a banking facility? **RQ16** – Overall, does the implementation of store mood zones in banking facilities positively affects the perception of banking store atmosphere, and consequently influences the customer in-store experience in a positive way?

3.3.1   Focus Group

A focus group is defined as "*a discussion conducted by a trained moderator in a non-structured and natural manner with a small group of participants*" (Malholra *et al.*, 2012: 182). This method was chosen due to its ability to gather information from several participants, representing their honest insights and opinions of the society, or, in this specific case, their view of Portuguese banking establishments.

There was conducted one focus group session, also called "Judgemental Store Trends" session, with 10 participants (Appendix 1), during approximately 2h. The session was based on the visualisation of some images and videos followed by open-ended and some close-ended questions (several questionnaire sheets were distributed and asked to be filled). This stimulated the reflection and the exchange of opinions among participants regarding the physical aspect of the current banking establishments and the new trends presented to them.

Besides this, there was also gathered information about the emotional aspects of participants when in such spaces (their feelings and sensations), as well as their agreement opinions (measured on a Likert scale ranging from 1 - "Totally Disagree" to 5 - "Totally agree") about the possibility of implementation some store atmosphere trends, namely, the installation of interactive screens, the digitalisation of the interaction between client and employee and the establishment of co-creation systems. The focus group was moderated by an experienced Professor who followed a previously made script (Appendix 2), and the whole session was audio recorded to allow further analysis and to draw conclusions from the comments made during the session. In addition to this, several notes considered relevant were taken during the focus group.

3.3.1.1 Sample Selection and Characterisation in Focus Group

The sample of the focus group was composed of 10 individuals of both genders, with different ages and with distinct professional background. This convenience sample was taken to ensure a realistic representation of the various cohorts of the Portuguese population and to gather different thoughts about the topics presented. Furthermore, there were requirements for participation in the focus group session, which included the need to have a bank account (could be a personal or a professional one) and to have attended a physical banking institution in the last year, in order to better remember the experience in that situation.

3.3.1.2 Interactive Screens

During the focus group was suggested to participants the implementation of interactive screens in the establishment, as a way to provide a more technological and dynamic in-store customer experience. These screens could be used in several ways and applied to different functions. In that sense, two applications for these screens were presented. The first one was related to the use of this technological devices to aid the attendance of clients by banking employees, as the screens could be used to show relevant information in a more practical and visual way. The second imply the use for these interactive screens to the benefit of clients while waiting to be attended, since during these times the screens could be used to search for banking information or to serve as an entertainment mean.

When faced with this new trend in store atmosphere, participants were asked about the relevance of this strategy for banks, their personal interest in using these devices and their advantages for clients.

3.3.1.3 Digitalisation of Customer-Employee Interaction

To introduce this topic, participants were asked if they were pleased with the relationship they currently have with their banks and if this relationship was a crucial factor for their customer experience.

The digitalisation of customer-employee interaction is related with the humanisation of electronic interfaces, using video calling and video conferencing systems. This trend aims to promote a closer relationship between the customer and the bank, and support the development of a digital and technological interaction, consequently improving the client's experience in and out of the store.

The first innovation suggested to participants was the possibility to get in touch via video and phone call with a bank assistant in an ATM. This would provide a great help, especially to the elderly, since this layer of the population tends to have more difficulties dealing with ATM's procedures. Moreover, this innovation would also increase the range of functionalities in regular ATM's, for example, people could open bank accounts, and this could be used at any time they desire without the limitation of establishment closing times.

The second innovation suggested related with customer-employee interaction trend was also based on digital interactions, however, in this case, it implies the implementation of "video conferencing stations" inside the bank facilities, where customers were able to video call and

get in contact with employees more quickly and efficiently, without the need to have to wait long times to be attended personally.

Afterwards, participants were asked about the relevance of these innovations for bank companies, if they had or not interest in use such means of customer-employee interaction and to clarify the advantages and disadvantages of the growing communication based on technological means.

3.3.1.4 Co-creation Platforms

This trend is related to the implementation of an online platform where customers could give their ideas and opinions to the bank, thus helping to develop new services and projects taking into account their personal needs and wants. In addition to the online platform, would also be created a space in a physical facility where would be made workshops, meetings, and interviews in order to gather feedback from customers in a more personal way. The end result would include o customer-oriented process, both offline and online, as a way to motivate a co-creation of value between the bank entity and the customer.

In a similar way to the previous trends, after explaining the concept of this idea, participants were asked to comment on the significance of this trend, the level of acceptance of banks regarding consumers' feedback, their personal interest in using these online and offline platforms and their associated advantages/disadvantages.

3.3.2 Virtual reality and Personal In-depth Interviews

This approach is an exploratory method that was performed with the aim to further investigate the concept of store mood zones applied to a banking establishment, and acquire participant's opinions on whether they feel attracted to this type of trend and why or why not. The personal interviews took place before, during and after the visualisation by participants of a scenario in the virtual reality of a known Portuguese bank branch with some major and deliberate alterations in its general environment (representing store mood zones).

3.3.2.1 Choice of Virtual Reality Scenario

The choice of using an immersive virtual reality scenario as a methodological choice for this dissertation is related to the fact it allows participants to have the illusion of "being really there" in the simulated environment scenario. Besides this, virtual reality "*is an emerging technology that allows individuals to "interact" with and become "immersed" in a three-dimensional*

*computer-generated environment. Through its capacity to create dynamic, multisensory, "real-life" stimulus environments." (*Lengenfelder *et al*., 2012:27). Therefore, with this technological tool, it was possible to gather opinions about an intended bank facility without the need to build and re-design a real one, which would have been a much more expensive and time-consuming option.

3.3.2.2 Sample Selection and Characterisation in Virtual Reality

Due to financial, temporal and practical limitations and the lack of means to collect a precise sampling of the Portuguese population a non-probability convenience sampling method was used.

Participants for the interviews and the virtual reality test were selected among the people that left Santander bank branch in one of the main streets of Lisbon (Avenida da República). These people were then asked to participate in a research regarding the physical space of banking establishments and the introduction of new atmosphere trends in these spaces. With this approach, was possible to gather a convenience sample of 10 individuals (Appendix 4), with different ages, genders and distinct professional background.

3.3.2.3 Store Mood Zones in Virtual Reality

The virtual reality scenario presented a bank establishment that offered a multifunctional space, much more welcoming and pleasant than the ones commonly known by participants. The idea behind this idealised bank was taken after Umpqua Bank applied the trend of store mood zones in its San Francisco bank branch (Marous, 2015; Smith, 2015; Kish, 2015). Therefore, the immersive virtual scenario showed a branch facility that offered several activities and different "mood zones" within the same space, which clients could enjoy while being there. The virtual bank included a self-service area with coffee, tea, juice or water; a library and reading area; an area with television screens displaying different information; an area for children to play and, finally, a space for animals to stay while their owners take care of their banking matters. Each one of the different spaces had their own "personality" and at the same time were congruent and consistent within the overall environment of the bank space. The overall goal of the scenario was to show a banking atmosphere that was much more welcoming, comfortable, relevant and less intimidating than the existent ones today, focusing more on the customer experience and reinvent the way consumers see and think about banks.

In a similar way to the methodology used in the focus group, interviewees were questioned about the relevance of this trend for banks' store atmosphere, their personal interest in use the different spaces presented in the virtual reality scenario and to rate their overall customer experience in a real store compared to the virtual store (supposing that the virtual store was implemented).

4. Analysis of the Results

The next step of this dissertation will be to analyse the information gathered through the focus groups session and the in-depth interviews in a virtual reality environment. Therefore, the data collected will be synthesised, explained, and then it will be discussed. With this chapter, it will be possible to draw the first set of findings about the research objective. In order to do so, a clear and detailed analysis of the suggested store atmosphere new trends to the banking sector will be carried out, with the intent to evaluate the acceptance and interest of participants regarding such trends and, at the same time, to answer the research questions under study. After this, it will be possible to conclude which are the trends that should be implemented as they enhance and improve the in-store customer banking experience.

4.1 Characterisation of the Current Banking Store Atmosphere

When participants were asked about their first impression of the banking facilities they use to attend, the majority of them replied that these spaces were, most of the times, too formal, standard, cold and impersonal. Banking atmospheres were also considered to have an unappealing and uncomfortable environment for customers. Some quotes from the focus group display these opinions well:

- ✓ *"The first idea that comes to mind about the physical space of the banking stores is the fact that they are too formal and standard."* – Accountant, 35 years old.
- ✓ *"I think these spaces are very cold for clients."* – Architect, 35 years old.
- ✓ *"I noticed a more rustic and cosy atmosphere in a setting of a bank established in an old building. Usually, banks in modern buildings have colder and standardised atmospheres – they look all the same."* – IT Professional, 31 years old.

Therefore, it was clearly noted that participants would appreciate a more relaxed and cosier bank atmosphere, as opposed to an intimidating one, present in current establishments. According to general opinions, this transformation in the environment (from intimidating to relaxed) would lead to a more ease and confidence of clients dealing with their financial matters.

There was, however, certain participants who did not agree with the characterisation previously made, and defended the need for establishments of this character to transmit sensations of seriousness and rigour. As a 22 years old Master's student and Intern of Human Resources stated *"I think the environment of a bank has to be impersonal. We usually go to a bank to deal*

with very serious and rigorous matters (...); therefore, this rigour and seriousness must also be present in the space. Otherwise, if the environment is too relaxed, we would not have so much confidence in the bank. ". According to this perspective, the environment of banking institutions should work as an enhancement of its brand positioning and image of serious and rigorous institutions that offer reliable services and products.

Having in mind these two points of view, it was possible to realise that the store atmosphere of banking establishments can represent different things for different people, leading to opposing opinions and viewpoints about the current state of such spaces. That is, while for some people the atmosphere is a component that strengthens the image of the bank as a serious, rigorous and reliable institution, for others, the excess of these features applied to the environment can be inhibitory and harmful to the trust in the service in question.

Following the previous information about the overall opinion on banking atmosphere, is possible to answer the first research question (**RQ1 – Is the current banking atmosphere considered unpleased by its customers, resulting in a negative in-store experience?**). Even though it is true that some people find the current banking atmosphere unpleased, too cold, formal and impersonal for its clients, there are others who believe that this characterisation is positive and is correlated to feelings of trust and assertiveness of the institution. For the last ones, in order to have a positive and reliable store experience the banks need to maintain the current atmosphere. Therefore, due to the mixed opinions gathered, this research question was just partially validated.

4.2 Participants' Sensations in Current Banking Establishments

Boredom, fatigue and tediousness were the sensations that best described the presence of participants in banking facilities. As discussed during the focus group session, participants unanimously made it very clear that the less time they spent in a bank, the better, it was for them. Therefore, the temporal issue of long waits and long delays was strongly criticised and identified as one of the biggest reasons for the dissatisfaction of the participants and their negative in-store customer experience.

- ✓ *"Normally we like to be served quickly. Therefore, the waiting time before the service should be smaller."* - Financial Assistant, 56 years old.
- ✓ *"In a bank, I try to take care of all matters as soon as possible!"* - Accountant, 35 years old

Another issue that was prominently referred was the lack of privacy in some moments during the customer service process. Participants referred the situation when they had to make considerable deposits and/or withdrawals of money (e.g. retirement pensions) on the service desk under the eyes of several people present in the queue of the financial institution - a situation that made participants feel extremely uncomfortable and insecure.

Besides this, the impersonality of the service has been considered a factor that led to the decrease in the levels of confidence in banking institutions' services. It was also noted that this lack of trust in the relationship with the bank has been getting worse over time. In line with this, one participant expressed a very personal point of view, *"Lately, when I have to go to the bank, I feel a little intimidated (...). In the past, the bank was like a friend to me, but now I considered the bank as an enemy. I remember that the service before (around 20 years ago) was much more personal. However, since banks started to get bigger and richer, they started to be less interested in people/clients' needs"* This statement was concluded with the simple claim that *"Now, the fewer times I have to go to the bank, the better for me!"* - Entrepreneur in the area of Construction, 61 years old.

This last opinion has received the acceptance of the remaining elements present in the focus group, leading to the understanding that people need to feel that they are valued enough in their relationship with banking institutions and served with quality and respect by employees. Otherwise, the feelings of impersonality, intimidation and lack of confidence will persist.

From this, the second question (**RQ2 – Are banking establishments in need to modify their store atmosphere strategy, turning it into more customer oriented designs?**) can be validated. In order to provide better in-store customer experiences, banks need to put their customers at the centre of the service and think about their needs in the first place. Therefore, the need to change banking store atmopshere, developing more customer oriented designs is clear. New banking establishments should consider the following:
-   Fewer moments of boredom, fatigue and tediousness for clients;
-   Less long waits and long delays to the attendance process;
-   Better privacy during the attendance process;
-   Less impersonality (of the ambience and banking workers).

In a general way, participants' feedback also allow to confirm the third question under observation (**RQ3 – Do customers' attitude towards the banking store atmosphere reflects on the attitude towards the banking institution?**), since customers tend to associate the

moments they attend the bank and interact with the bank workers with the institution itself. Therefore, the feeling and experiences customers have in these situations can easily be generalised to what the bank institution symbolises and represents to them. Consequently, this research question is positively verified and validated.

4.3 Implementation of Interactive Screens

Before presenting and asking for participants' opinions regarding the two innovative applications of interactive screens – the first one to help the attendance process of clients, and the second to be used as an informative and entertainment device by clients -, participants were questioned about the countless functionalities of these interactive devices and asked to comment their previous interactions with such devices.

It was easily remembered the situation when a participant used an interactive screen to make an order at a restaurant, describing these technological devices as "*an alternative to the attendance and payment process*".

✓ *"People could order food and make the payment on the interactive screen, and then collect the order at the counter. It is likely to make some mistakes in the beginning, but then people begin to realise how the system works and it turns into a very effective process."* – Sales Person, 48 years old.

Other situations were remembered by participants, namely, making a check-in in some services' establishment, receiving a ticket with the information about the attendance number or to getting information about the location of a shop in a shopping mall.

Then, a simple questionnaire about the features of interactive screen adapted to the banking context was filled out and an overview of the answers was made between the moderator and all participants. In general, participants showed more interest in using interactive screens during their staying in bank facilities to obtain general information in newspapers and online websites, to get information about the bank and its services, to be entertained, and to fill satisfaction surveys. In contrast, the majority of participants (60%) responded that they would not use the screens to adhere to financial services and 30% responded that they might consider doing that. Thus, this was the feature that clearly stood out for not pleasing any participant (Graph 1). A participant clarified the reason for this negative result, "*There must be a personal contact with a bank employee to convey trust and clarify any possible doubts. Dealing with these issues*

[adherence to financial services] with a machine or a technological device is not the same thing." – Sales Person, 48 years old.

Graph 1: Interactive Screen Features
(Adapted to the Banking context)
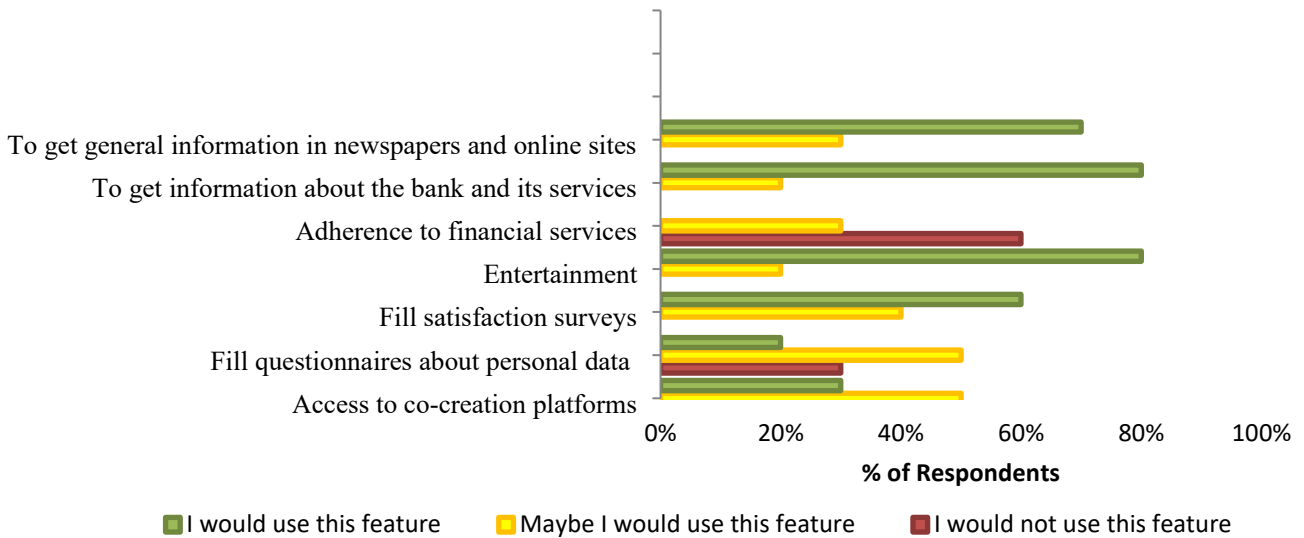
According to the previous results, it was concluded that most people do not mind accessing information through digital and technological means, or even by telephone, however, the ones who actually make financial decisions through these "*impersonal*" communication means are very few. One of the factors highlighted as being responsible for this situation was the lack of confidence in banks and the climate of "*fear*" installed around the financial institutions, leading to the need to seek personal attendance in the banking facilities.

4.3.1 Interactive Screens that Assist the Attendance Process

Regarding the innovation in which interactive screens could be used by banking employees to assist the attendance process and to fulfil procedures through digital means, it was explained to participants that these devices would be used to show relevant information in a more practical and visual way, to sing forms digitally, and to later send all the information directly to clients' email account. Consequently, this method of customer service was discussed and compared to the one that is used most of the times nowadays – the paper method.

It was noted that despite the younger cohorts of the population are at ease and feel safe dealing with digital processes through these interactive screens, the same does not happen with the older population. This specific target was considered to be "*harmed*" with the implementation of

digital and technological processes as they feel a great difficulty understanding, trusting and interacting with these devices.

- ✓ *"I am completely at ease in receiving online documentation instead of paper. I am even an apologist of this approach."* - Accountant, 35 years
- ✓ *"I feel completely comfortable with this type of digital processes, but I think that, unfortunately, we still have a substantial percentage of elderly population that have a difficult time dealing with digital services (...). Therefore, while this disparity persists, there will always be people who can be impaired with the introduction of these technologies."* IT Professional, 31 years old.

However, even though that many participants claimed to be apologists of online documentation, it was agreed that everyone felt more safe when had paper copies of relevant documents and the evidence of any banking transaction, in case that any confirmation is required. As one participant expressed, *"If I am dealing with important issues, I like to have the evidence in paper, so I can prove it if necessary."* – Architect, 35 years old.

Besides this matter, it was also unanimous that clients' signature on paper was still considered to be crucial and the safer way to end any banking process. This is because most of the participants did not feel comfortable in digitally sign documents for fear of possible falsification.

- ✓ *"I do not mind to see information on an interactive screen, but I do not like the idea of digitally sign a document there (...) I feel that it can easily be faked."*- Secretary, 25 years old.
- ✓ *"Although I am completely at ease in receiving online documentation instead of paper (...), I still think that the role of paper for signature authentication is necessary."* - Accountant, 35 years.

The general conclusion about this topic of digital processes and all its implications was that "*Even though the society is walking in that direction [digitalisation of processes]*", as it was stated by a 61 years old entrepreneur in the area of construction, and there has been a growing acceptance of this type of procedures, there is still a climate of suspicion and insecurity of people towards it, making the printed paper documents still indispensable.

Regarding the fourth research question under analysis (**RQ4 – Do banking customers support the implementation and recognise the benefits of using interactive screens during the attendance process?),** it is possible to conclude that customers are familiar with information

displayed in interactive screens and consider this as a benficial aid to the attendence process. However, these devices should be used in moderation with elderly people or with a carefull and thoughfull explantion while using them. Besides this, participants supported the implementation of interactive screens only if in addition to the actual paper process, and never in substitution of it (in particular when asking for customers' signatures). Therefore, for all reasons and conditioners stated above this research question was just partially verified.

4.3.2 Interactive Screens that can be used by Clients

It was also discussed the possibility of implementing interactive screens to be used by banking customers' while they are waiting to be attended. A participant rapidly referred that *"There will be a greater interest of young people in these devices"*- Sales Person, 48 years old -, whereas older targets would not have much interest and willingness to enjoy the interactive screens. The rest of participants in the focus group seemed to agree with this opinion.

Regarding the possibility of having an interactive screen exposed in one of the walls of the banking facility that would react to the touch of clients and display banking or general information, participants seem to be not very fond of the idea. The general opinion was that this screen was a form of exposure and lack of privacy for its users. In that sense, no one would feel comfortable using it, regardless of the information that could be obtained, knowing that he or she was being observed by other clients present in the same space.

- ✓ *"The fact that the interactive screen is exposed for everyone would not be very appealing, and I would not feel comfortable because other people would see what I wanted to see."* - Master's Student and Inter of Human Resources, 22 years old.
- ✓ *"People would start to think why I was interested in seeing particular banking information on the screen, and they could associate it with the money I had on my account."* - Entrepreneur in the area of Construction, 61 years old.

In contrast with the previous idea, if there was an interactive screen for individual use, for example, located on a table or in a more private place, participants would feel interested in using it for different purposes. A participant stated that she would use the interactive screens if it had "*some useful function*" – Architect, 35 years old. In addition, it was clear among all focus group members, that the mere possibility of having these devices at their disposal with a broad range of functionalities, was a sign that banks were being concerned about welcoming customers and have them comfortable and entertained while at the establishment.

The main advantages associated with these interactive screens were the fact that they are considered informative for the population and also quite useful and dynamic. Also, the implementation of this type of screens has been regarded as a good strategy to introduce a technological and modern component in financial institutions physical spaces (Table 3).

Table 3: Advantages of Interactive Screens
(Adapted to the Banking context)

Advantages of Interactive Screens	1 – Totally Disagree	2 – Disagree	3 – Do not agree nor disagree	4 – Agree	5 – Totally Agree
Interactive screens are convenient	0%	0%	50%	50%	0%
Interactive screens are useful	0%	0%	40%	40%	20%
Interactive screens are informative	0%	0%	20%	80%	0%
Interactive screens are dynamic	0%	0%	20%	60%	20%
Interactive screens reduce the perception of time spent in the banking store	0%	10%	20%	50%	20%
Interactive screens make the process of attendance more efficient	0%	40%	60%	0%	0%
Interactive screens are a good form of entertainment	0%	10%	30%	40%	20%
Interactive screens introduce a technological component in the bank	0%	0%	10%	50%	40%

Returning to the research questions under analysis:

RQ5 – Do banking customers support the implementation and are motivated to use interactive screens while wait to be attended? - No concreate conclusion could be made regarding this research question due to the conditioners referred on the focus group for the implementation of this trend (RQ just partially validated). Participants showed interest in using an individual interactive screen while waiting to be attended, considered that the content showed on such devices were interesting and relevant for them. However, it was found that there was no motivation in using an interactive screen that was "public", and that the elderly clients, in general, would not feel interested in interacting with these technologic devices.

RQ6 – Overall, does the existence of interactive screens in banking facilities positively affects the perception of banking store atmosphere, and consequently influences the customer in-store experience in a positive way? - This research question was validated, as it was discovered that these type of devices were considered informative, useful and dynamic for the population and also assist in conveying a technological component to the banking

establishment, which, in turn, positively influence the customer store experience and provide a more modern store atmosphere. However, in order to turn this experience into a truly consistent and valuable one, the content and the multiple applications of interactive screens still need to be carefully evaluated in order to get the maximum benefits out of this new store atmosphere trend.

4.4 Digitalisation of Customer-Employee Interaction

As it was formerly mentioned, according to the views of participants, the attendance in the financial stores has become, over the years, increasingly impersonal, distant and cold, leading to general discontent among clients. Having this in consideration, it was evident that the quality of the service and the interaction between the customer and the banking employee was an element that needed significant improvements in order to enhance the customer experience while in a banking facility.

- ✓ *"The type and quality of the interaction that exists in a bank is more important than the quantity and duration of this interaction." -* Master's student and Inter of Human Resources, 22 years old.

Regarding the preferences of attendance of participants, it was conclusive that the majority prefer to deal with financial matters in "islands/cubicles" of the bank facilities instead of on the service desk, mostly due to privacy issues. For example, as one participant referred "*I prefer to meet a banking assistant in islands/cubicles rather than in the service desk with several people behind me. However, it always depends on the matter that I need to deal with." -* Secretary, 25 years old. On the other hand, the service in the cubicles was considered to be more time consuming and impractical when a customer only needs a quick clarification or information.

According to these observations, it was possible to understand that the service in banks should have a balance between privacy (in cubicles) and efficiency (at the service desk). Therefore, since there are clients with different needs and different preferences in terms of attendance the bank should be able to adapt rapidly to these characteristics in clients' behaviour, instead of implementing a "*one size fits all*" attendance process.

Later, the discussion was directed to the growing digital and electronic relationship that the population, mainly the younger ones, have with bank institutions, highlighting the use of online banking. While introducing the new innovation in the trend of customer-employee interaction, the focus group moderator stated that "*Even though that, at first sight, the digitalisation of*

processes seems to be the opposite of personal interaction with employees, this is not true." In fact, the digitalisation trend has been spreading even to the physical facilities and work as an additional and complementary attendance system.

4.4.1   Interaction with Employees in ATM's

To initiate the discussion regarding this topic, one participant weaved wide compliments to the Portuguese ATM system, saying that it was very efficient and it enables people to perform several operations that usually are not available in other countries. He concluded by saying that "*There is no ATM service as the Portuguese one.*" - Accountant, 35 years. In addition, remaining participants showed to be satisfied with the regular functioning of ATM's with none of them having huge concerns and difficulties dealing with the machines and performing banking operations.

However, when asked to think about older targets of the population the situation, the opinion seemed very different. It was proved through various real examples given by participants, the difficulties that older people have when they are faced with more "*complex*" operations in an ATM. It was said that many of these people struggle to do some operations and when they do not succeed they give up, while others prefer not to try by themselves and just seek the help from family members or bank employees. One of the situations described was the following:

✓ *My father is 70 years old, and there was an occasion when he had to do a banking transference in an ATM. I explain to him how to do it so he would know beforehand. However, when he was alone in the ATM he took a very long time, and the transference was cancelled. He got confused and frustrated and then gave up. Therefore, I think that at an early stage [when older people do operations in ATM's for the first time] has to be some guidance so they could be able to work by themselves in ATM's."* - Sales Person, 48 years old.

In that sense, a virtual banking assistant with which will be possible to interact via video and phone call appears to be a potential solution to all the cases of people with more difficulties dealing with an ATM's. However, there is the possibility that these people, usually older ones, do not trust this type of service since it is not totally personal and "*face-to-face*". Furthermore, this interaction requires a minimum contact with technological means, which the elderly may not feel confident and comfortable doing. As a participant sceptically reported it, "*I am not imagining my mother, who is 85 years old, speaking to an ATM.*"- Administrative, 54 years old.

It was, therefore, concluded that there was a great division regarding the evaluation of the benefits given by the humanisation of various systems, including ATM's. In one hand, some people believe that this customer-employee interaction could be useful and help people in some situations when there is no other alternative to get help. However, on the other hand, older people, which are the main target of this innovation, may not be willing to ask for help from a stranger via video calling (a type of communication that they are not very accustomed to). With this in mind, the most marked advantages of this innovation were the possibility of anyone ask for specialised professional help while doing operations in an ATM and the possibility of receiving this support outside the banking opening hours (Table 4).

Table 4: Advantages of Digitalisation of Customer-Employee Interaction
(Adapted to the Banking context)

Advantages of Digitalization of Customer-Employee Interaction	1 –Totally Disagree	2 – Disagree	3 – Do not agree nor disagree	4 – Agree	5 –Totally Agree
Promotes a closer interaction between the bank and the customer	20%	30%	50%	0%	0%
Allows to ask for help while doing operations in an ATM	0%	0%	30%	60%	10%
Faster service	0%	50%	40%	10%	
Greater service efficiency	0%	20%	50%	20%	10%
Increase security and confidence in the service (people are that they made no mistakes)	0%	50%	30%	20%	0%
Increase in the range of operations performed on an ATM	0%	30%	30%	20%	20%
Allow to receive support outside the banking opening hours	0%	0%	20%	50%	30%

Despite this, participants strongly disagree that this trend promoted a closer interaction between the bank and the customer. This leads to the conclusion that, even though there is a growing tendency to make technological and digital interactions with the bank, physical contact and face-to-face interaction is clearly preferred by all age groups of the Portuguese population.

Regarding the second innovation, based on the implementation of "video conferencing stations" in banks, the comments and opinions of participants showed to be very similar to the ones about the digitalisation of ATM's, which made no need to include another section with its findings.

From insights about this new trend in banking, the following conclusions were taken:

RQ7 – Does the digital interaction between customer and employee makes the attendance process easier, resulting in customer satisfaction? - The overall feedback given by

participants lead to the belief that digital interaction would not increase banking customer satisfaction. Therefore, this research question was negatively verified. This conclusion was based on two reported situations: firstly, the majority of people are comfortable with common ATM's and services without digital interactions as they feel enough confidence and ease to take care of their matters by themselves; and secondly, elder people that supposedly would value more this trend, as they are seen as the target that needs more assistance, would not feel entirely comfortable in talking to someone via digital means – they always value more personal interactions.

RQ8 – Overall, does the digitalisation of customer-employee interaction positively affects the perception of banking store atmosphere, and consequently influences the customer in-store experience in a positive way? – It could be stated that, even though, the customer-employee interaction is known to have crucial affect in the perception of banking store atmosphere and influencing the customer experience in large scale, the focus group session reveled that moving into a digitalisation of this interaction would not be beneficial in a Portuguese banking context. As showed, portuguese people can not prescind the personal interaction with employees while at the bank. Therefore, this research question was negatively verified.

4.5 Co-Creation Platforms

It was unanimous among all participants that banking services and products are not "tailored to" its clients. Furthermore, it was noted that people could hardly find a service that meets all their needs and preferences since most services have standard conditions and offers for the entire population. Even though that this situation was not pleasant for many, it was considered the norm among many other retail sectors such as insurance and telecommunications, and, in the end, people then to conform and accommodate to the available options.

- ✓ *"Institutions are the ones that develop and create the products and services. Therefore, these will never be made to meet all the needs of customers, only the company's own needs."* – Accountant, 35 years old.
- ✓ *"In essence, the service will never be tailored to us [clients]; it will always be made to satisfy the one who sells it."* – IT Professional, 31 years old.

Moreover, it was stressed by almost all participants the need for an easy, convenient and not a bureaucratic way for customers to convey their opinions, recommendations or even complaints to companies regarding situations where they feel that the service should improve.

However, besides creating co-creation platforms (either online and/or offline), the critical part for companies relies on providing consistent feedback and answers to all the clients that show interest in contributing with their point of view. The best clients' ideas could also have a special attention and be implemented, as a way to show clients that companies are interested and attentive of their opinions. This will prevent the disappointment that one participant expressed, "*From all the suggestions that I have given [to companies], I do not remember that any of them have been applied.*" – IT Professional, 31 years old.

One of the suggestions discussed at the focus group was the creation of an online platform accessible for everyone, where it would be possible for people to give feedback to banking institutions, either to make complaints, proposing ideas and make suggestions about tailored and personalised services. In general, this idea was considered very beneficial and practical.

- ✓ *"I think that it is good to have this option [the online platform] for interested customers."* - Secretary, 25 years old
- ✓ *"I believe that this platform makes it easier to make any kind of complaint. It is more convenient for the person, and there was no need to go to a physical space [and write on the complaints book], because over the internet at any time and place it was possible to do that."* - Sales Person, 48 years old.

On the other hand, the development of co-creation spaces within the physical facility of the bank, dedicated to receive customers for these to submit their opinions, and to organise meetings, workshops and presentations with them, was considered an interesting idea but probably would not have much adherence. As one participant stated, *"I think that this is a very good idea (...) but I would not waste my time to go to a place to make a complaint or a suggestion."* - Secretary, 25 years old.

All the advantages presented to participants received their general agreement (Table 5). In detail, co-creation platforms (especially the online ones, which received more support during the focus group) were considered to increase the feeling of recognition and appreciation of clients, have the ability to create more personalised services, to transmit the image that banking

institutions are receptive and able to adapt to new ideas, and to enhance the appreciation of the relationship that banks have with their customers.

Table 5: Advantages of Co-Creation Platforms
(Adapted to the Banking context)

Advantages of Co-Creation Platforms	1 – Totally Disagree	2 – Disagree	3 – Do not agree nor disagree	4 – Agree	5 – Totally Agree
Customers feel the sense of recognition and appreciation by the bank	0%	0%	30%	50%	20%
Ability to create more personalized services	0%	0%	10%	60%	30%
Banking institutions transmit the image of being receptive and able to adapt to new ideas	0%	0%	10%	60%	30%
Appreciation of the relationship between the bank and the customer	0%	10%	30%	50%	10%

Regarding to the ninth research question **(RQ9 – Do banking customers support the implementation and are motivated to use co-creation platforms whether online or offline?**), was possible to observe that the idea of co-creation platforms, where it would be possible for people to give feedback to banking institutions, received the acceptation of the majority of people and was considered a practical and useful tool (in partiucular the online platform). Therefore, this research question was positively verified/ validated.

Summing up co-creation trends were found to be valuable and very positive to enhance the relationship between banking institutions and their customers, and to reflect the image of an open and comprehensive bank. Thus, clearly these trends also have the capacity to affect the atmosphere's perception and consequently provide a better customer experience, especially if customers feel that their opinions are kept in consideration and being applied. Therefore, the tenth research question was positively validated **(RQ10 - Overall, does the use of co-creation trends positively affects the perception of banking store atmosphere, and consequently influences the customer in-store experience in a positive way?).**

4.6 Store Mood Zones

The virtual reality scenario presented to participants showed a multifunctional space, much more cosy, welcoming and less intimidating than the ones commonly known by participants. As previously referred in the literature review, the idea behind this idealised bank was taken after Umpqua Bank applied the trend of store mood zones in its San Francisco bank branch (Marous, 2015; Smith, 2015; Kish, 2015). Besides, evidence shows that banking establishments

should effectively work to improve customers' moods while inside a bank. Consequently, this store atmosphere trend appears as a possible solution for this "handicap", as it proposes an ambience truly focused on the customer comfort and satisfaction, by offering them a great variety of options/zones desing to fulfil their needs.

When interviewees were showed the bank scenario in virtual reality developed, they rapidly described this new space as being quite large and spacious, and with more leisure areas, in particular, the television and a reading area, thus making it into a much more welcoming and comfortable environment for customers. Another observation that was pointed as important was the fact that the virtual scenario had more areas for people to sit while they were in the banking branch waiting to be attended. The reason behind this observation, which was mentioned countless times by respondents, is related to the fact that the banking establishment which served as a comparison with the virtual one did not have enough spaces for people to sit down and rest, which let them a bit disappointed.

Moreover, the majority of respondents were able to identify all the different areas, the so called "mood zones", without any difficulty as they moved through the virtual bank. Large compliments were also made to the digitally created space:

- ✓ *"In addition to being more spacious, it seems to me that this bank has a much friendlier and cosier store atmosphere."* - Economist, 49 years old.
- ✓ *"I noticed that this space has more places for people to sit and has audiovisual equipment – the televisions."* - Bank Clerk, 47 years old.

4.6.1   Pets' Area

Bank customers' opinions regarding this area were deeply divided. Some have recognised the great convenience of this area to address the need that many pet's owners have when they walk their animals to public establishments, which is to have a safe place to leave them while they take care of their business (instead of leaving the animals on the street).

- ✓ *"I think that this area would give security to the owners because their pets would be in a visible and safe place."* - Economist, 49 years old.
- ✓ *"I agree with the implementation of a pets' area because I think that it would be very useful."*- Manager of Restaurants, 40 years old.

Many other respondents highlighted major drawbacks as the case of smell, the noise, and any possible conflicts that animals may have in the company of others. If the previous situations

were solved and it was assured that animals would not bother and disturb the bank's customers, then participants would not have any objections to the implementation of such area.

- ✓ *I agree with the implementation of this area provided that animals are in a proper and appropriate area for them, in order to not bother the people inside the bank."* - Civil Engineer, 65 years old.
- ✓ *The major problems of this area are the smell and the noise that the bank might have. If these were solved, then I am 100% in agreement with this space."* – Communication Technical, 37 years old.
- ✓ *"I think this is relevant to the animals of blind people, for the remaining pets I do not agree so much. In the other hand, if there are conditions to receive all the animals, why not?"*- Administrative Assistant, 24 years old.

The remaining participants were completely against the implementation of this area, arguing that a bank was not the appropriate place to bring animals. In addition, one participant that lived in England said that the Portuguese people, compared with other nationalities, were not so prepared to appreciate and take benefit of these facilities dedicated to animals. Therefore, he considered the space as *"unnecessary compared to the London establishments (...) because in Portugal people and animals are not used to this spaces and the culture is not so focused on the pets [even if this is changing]"*- MBA Student, 42 years old.

Following the previous information about the opinion of pet's area inside the bank, it is possible to answer the eleventh research question formulated (**RQ11 – Do banking customers support the implementation of a pets' area in a banking facility?**). As previously identified, bank customers' opinions were deeply divided regarding the implementation of this area in banks, making this research question only partially validate. Moreover, the majority of participants, despite very reticent, were in favour of this new area if the bank customers were never disturbed by the animals, their smell and/or noise.

4.6.2 Children's Area

Some interviewees had already gone through the situation of having to take small children to a bank because at the time there was "*no other alternative.*" In these cases, there was always the concern of parents/grandparents to keep the kids busy, quiet and entertained the whole time, so they do not disturb the other clients in the bank establishment.

Therefore, the implementation of an area dedicated specifically to children, as it has been done in establishments of other sectors of activity, was considered a way to overcome the problem previously discussed, allowing a greater comfort and convenience for children and their caregivers. Accordingly, the little ones could make a better use of their time within the bank by playing, while the adults could deal with their personal banking matters less concerned.

- ✓ *"This way, children could be entertained without parents always having to be talking to them to distract them."* - Manager of Restaurants, 40 years old.

- ✓ *"I think this area should be implemented because it would be much more fun for children. However, the only problem may be the noise that they may make."* – Communication Technical, 37 years old.

- ✓ *"Usually people avoid taking children to these establishments (...), but since there are already other places [other service's providers] with areas for children to play, probably in banks would also be a good idea to implement."* - MBA Student, 42 years old.

However, there were those who pointed out that this space would only be justifiable to implement if a person had to stay for extended periods of time in a banking establishment along with small children. Otherwise, there would be no need to entertain the children for so long. It was also noted that only a large establishment would have enough space and conditions to include a children's area, as in smaller bank agencies this area "*could steal much space*".

In a similar way to the pet's area, the children's area received several critic and sceptic opinions. Some participants claimed that it should be avoided to take the little ones to a bank because this space will never be a comfortable place for a child. In line with this, it was considered that even if there was an area for them to play, they could never be totally at ease (there must be a control of their noise, for example).

- ✓ *"This area may be harder to include in a bank establishment; it may be difficult to maintain a quiet and controlled child in these places."* - Consultant, 32 years old.

With a similar line of thought as the previous question, the twelfth research question (**RQ12 – Do banking customers support the implementation of a children's area in a banking facility?)** was partially validated, due to the discrepant opinions of participants regarding the implementation of a children's area inside a bank establishment. However, most participants agreed on this are if the referred drawbacks were overcome.

4.6.3   Self-Service Area

In a general way, respondents liked the self-service area and showed very interest in enjoying the offer of coffee, water, tea and juices while they were in the banking establishment. It was also commented that this particular area is relevant and very friendly, as it shows a concern for the customers and their experience inside the bank.

- ✓ *"It is a good idea because, in general, the Portuguese are very fond of drinking coffee."* - Administrative Assistant, 24 years old.
- ✓ *"The more amenities and customer care services banks offer to their clients, the better."* – Retired, 81 years old.

However, it was stressed that the interest in this area and the waiting time in the bank had a positive and direct correlation. Therefore, the more time people had to wait until they were attended, the more likely they were to be interested in using the self-service are. Thus, in establishments where the waiting time is reduced, the self-service is would not have as much impact and interest of customers.

Taking the previous information into account, the thirteenth research question under evaluation (**RQ13 – Do banking customers support the implementation of a self-service area in a banking facility?**) is validated, as it was verified the acceptance and great interest from the majority of respondents in using the self-service zone while on the bank.

4.6.4   Library and Reading Area

Overall this area received acceptance by the interviewees. However, it was said that its implementation would make more sense if customers had to wait several minutes to be attended or if they were willing to spend extra time in the establishment. This has to do with the fact that usually people go to the bank in a hurry, and try to deal with banking matters as quickly as possible, so, they do not have much free time to enjoy the library/reading space.

- ✓ "*This area would make more sense if people are willing to spend more time inside the bank."* - Civil Engineer, 65 years old.

On the other hand, for some participants, this area should, clearly, be implemented, because they would have all the interest in reading any type of information (newspapers, magazines, books, among many other) while waiting to be attended by the bank employee. Besides, it was referred that newspapers and magazines were the options that people would have more interest

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to read since these pieces of information contain simple and shorter articles as opposed to regular books.

- ✓ "It *would be excellent! I could be entertained while I wait."* - Manager of Restaurants, 40 years old.
- ✓ *"If there was a library area, people could even bring their own books to read."* – Retired, 81 years old.
- ✓ *"I would like to take a look at the newspaper, for example, it is something that is quick."* - MBA Student, 42 years old.

Since participants showed to be very receptive to the implementation of a library and reading area in a bank establishment, the fourteenth question (**RQ14 – Do banking customers support the implementation of a library and reading area in a banking facility?**) was also confirmed and positively verified (even though some respondents also added that they would only use this space if they had to spend a considerable time inside a bank).

4.6.5   Television Area

When faced with an area with televisions inside the banking facility in the virtual scenario, participants showed their interest in using this screens mostly to see and be informed about the current daily news. Besides this, they would also be curious to see fast and practical information about services and financial products of the bank, and also to follow sportive events and other recreational programs.

In general, the implementation of this mood zone was well received by participants, who identify the televisions as a simple element on the atmosphere that could trigger positive emotions since customers could easily catch up with the content displayed and be informed and/or entertainment while they were inside the bank.

- ✓ *"I would be very interested in seeing the daily news on the television while I have to wait."* - Civil Engineer, 65 years old.

From the previous information, it is possible to understand that the fifteenth research question under study (**RQ15 – Do banking customers support the implementation of a television area in a banking facility?)** is also validated, as banking customers would like to watch some TV programmes while they are in a banking establishment.

4.6.6   Final Considerations about the Virtual Reality Bank

Overall, the experience in the virtual bank environment was considered much better than the experience lived in a real one, because the virtual space had different and more appealing features than current bank establishments do not have, particularly in terms of the wideness of space, modernity and the sense of comfort for the client (Table 6).

Furthermore, when long delays were expected in the attendance process, the virtual ambience could dramatically improve the customer experience, making them feel more comfortable and in a more familiar environment, due to the large set of options for clients to enjoy their time.

- ✓ *"Since we have to spend some time inside the bank, at least the virtual experience turns into a much more pleasant one [compared to the real experience in the current banking establishments]."* - Consultant, 32 years old.

- ✓ *"The virtual customer experience in the store is better than the real one because it offers more options to customers – this way they would not have the feeling that going to the bank is a waste of time."*– Communication Technical, 37 years old.

- ✓ "*The furniture used and all the possibilities that the place offers to customers (related to the different areas) transmit the image of a premium bank*" - MBA student, 42 years old.

In the end, it was clear that participants received well the virtual bank scenario due to the inclusion of the different "mood zones", which were recognised as an added-value strategy both to the bank and to the customer. However, it was also noted that not all the areas received the same acceptance and interest by the participants, causing a disparity in comments and opinions given.

At the same time, iIt was concluded that all customers, usually, prefer to spend the less time possible on the bank branch, so their main goal will never be to use and enjoy the space. In other words, even though the store atmosphere was considered an element that influences the customer experience, it was regarded as having a secondary importance.

It is also important to mention that, despite the positive opinions about the implementation of new areas, some people assertively reported that the banking space and environment should be as functional and efficient as possible, and offer its customers only the essential features for these to deal with their banking affairs. According to this view, the whole environment must be guided by simplicity and objectivity and not becoming a leisure environment.

✓ "*The bank should be a commercial space and not a leisure space for clients (...) the goal of a customer is not to "enjoy the space" in a bank, but to have the fastest and most efficient experience as possible in order to quickly get out of the establishment*" - Retired (Previously was a Bank Clerk), 65 years old.

Table 6: Considerations about the Virtual Bank Scenario

Considerations about the Virtual Bank Scenario	1 – Totally Disagree	2 –Disagree	3 – Do not agree nor disagree	4 – Agree	5 – Totally Agree
The virtual store environment is cosy and comfortable	0%	0%	0%	60%	40%
If this the virtual store was implemented in a real store I would like to visit it	0%	10%	10%	20%	60%
Compared with current banking establishments, I would not mind to stay more time in a bank with the virtual store features	0%	0%	30%	50%	20%
The space was designed and conceived with focus on customers	0%	0%	10%	50%	40%
The space addresses all customer's needs when they are inside the bank	0%	10%	30%	60%	0%
The implementation of this trend would benefit customer satisfaction and their in-store experience	0%	10%	0%	50%	40%
The implementation of this trend reduces the feeling of waiting times	0%	0%	10%	30%	60%
The different spaces give added value to the banking establishment	0%	10%	0%	40%	50%

Observing the last research question formulated for this study (**RQ16 – Overall, does the implementation of store mood zones in banking facilities positively affects the perception of banking store atmosphere, and consequently influences the customer in-store experience in a positive way?**), it can be clearly stated that the implementation of several store mood zones would give a much better perception of the banking atmosphere and significantly increase the in-store customer experience. This conclusion is particularly relevant in periods of long waits, making customers feel more comfortable due to the large set of options/spaces they would have to entertain themselves. Therefore, the question is positively validated. However, it is important to note that some attention has to be taken regarding the several different mode zones and the "entertainment" they provide, since the bank should never be confused with a leisure space, and should always have present its financial and functional features. Summing up, it is very important to have a confortable and welcome environment, and, at the same time, reflect the trust, seriouness and effectiveness inherent to banking institutions.

5. Conclusions, Implications, Limitations and Suggestions for Further Research

From several years now, many marketers and managers from all kinds of business and activity sectors are trying to adapt their strategies with the experiential view of consumption (Farias *et al*., 2014), with the purpose of satisfying their increasingly savvy customers and providing them a better shop experience and overall an enhanced customer experience.

Throughout the present research, the retail sector that received attention was the banking sector, as accordingly to Reinares and Garcia (2012), its management was considered to be inadequate as proved by the resoundingly negative customer evaluations of establishments and their experiences inside the bank.

Therefore, giving the growing need to provide customers with an enhanced customer experience during all the stages of the customer-bank relationship, and the emergence of new trends in the area of store atmosphere, the main purpose of this dissertation was to investigate and better understand which store atmosphere new trends should be applied to the banking sector as a way to improve the in-store customer experience, leading also to better evaluations of banking establishments. With this goal in mind, and considering that this research is in the field of new trends never studied before, a qualitative and exploratory methodological approach was carried out. In this approach, a focus group session and several in-depth interviews were conducted, testing the acceptance and the level of interest of participants towards several store atmosphere tendencies.

This concluding chapter will outline the major findings of this study, drawn from the results gathered through the various data collection methods. Also, the study's implications for Management and Marketing will be identified before the limitations of the research methods be discussed. Then, to finalise this chapter, recommendations and clues for further research will be pointed out, providing guidance for potential progressions in the field of store atmosphere and its related new trends.

5.1 Conclusions

The concept of "store atmosphere", initially studied by Kotler (1973), can be described as the conscious planning of the store environment to create the desired effects in consumers, usually to increase purchase intentions. Typically, the atmosphere's elements that retailers can control are those associated with the customers' senses (Farias *et al*., 2014). These senses (sight,

hearing, smell, taste and touch) provide humans the understanding of their surroundings, as they can also bring positive and negative feelings to a particular consumer experience.

Based on these insights provided in the literature review chapter, it is possible to better understand the disparity in some of the results about the comments and reviews on store atmosphere, given that people perceive the environment based on their own senses and according to their own reality (needs, likes, dislikes, and so one). This situation was visible during the characterisation of the current banking establishment's atmosphere, when it was realised that the store atmosphere of banking establishments could represent different things to different people, leading to opposing opinions and viewpoints. That is, while for some people the atmosphere is a component that strengthens the image of the bank as a serious, rigorous and reliable institution, for others, the excess of these features applied to the environment can be inhibitory and harmful to the trustworthiness of the service in question. Besides this, there was also some disparity in opinions regarding the presented store atmosphere trends, with all of them receiving mainly positive reviews but also some negative observations.

It could also be noted that during all the analysis made, which is the basis of all conclusions, there was not observed a significant difference in terms of perceptions and judgement of trends, either in terms of gender, age groups, or even for different professional backgrounds. Therefore, there was not a clear pattern in the findings; fact that could be better investigated in future researches.

5.1.1 Current Banking Atmosphere and Customer Experience

From the beginning of this study, it was clear that the main associations that people made towards banking establishments and their customer experience in such facilities were not the best ones. In the majority of cases, people were not fully satisfied with the space they attend in this retail sector, leading to the conclusion that many improvements sould be made to turn this space into a much more pleasant one – a space that clients would like to visit and that better met their needs and expectations.

Moreover, it was notorious, especially during the focus group session, the feeling of vast impersonality, and lack of confidence and privacy in various service moments provided by banking employees. Regarding the lack of privacy, some participants referred the uncomfortable and insecure situation when they had to make huge deposits and/or withdrawals of money at the service desk while being observed by other people present in the financial

institution. In addition, some participants reported that they felt underrated and intimidated by the power and apparent status of banking companies. This leads to the understanding that people need to feel that they are valued and cherished during all stages of their relationship with banking institutions and served with quality and respect by employees. Otherwise, the feelings of impersonality, intimidation and lack of confidence will continue to exist.

Another huge issue noted was the long waits and long delays, situation that was identified as one of the biggest reasons for the dissatisfaction of participants and their negative in-store customer experience.

These findings were congruent with the ones from Reinares and Garcia (2012) study that showed that consumers do not enjoy visiting banks or saving banks, neither like remaining within such places for an extended period of time.

Therefore, considering that the atmosphere of any store is a crucial component of its image, and that it is directly related to the customer experience and their interest to keep on visiting a store (Olahut *et al*., 2012), banking institutions should develop strategies in order to mitigate all the negative and deeply rooted opinions about the experience felt inside a bank facility.

5.1.2   New Trends in Banking Store Atmosphere

Starting with the first store atmosphere trend proposed – **interactive screens** -, these screens were considered as an alternative to the attendance and payment process, a device that could support digital processes, and also as a more recreational tool for clients. In general, participants showed interest in using an individual interactive screen during their staying in bank facilities, as opposed to one screen exposed to everyone in the room. It was noted willingness to use such devices to obtain general information in newspapers and online websites, to get information about the bank and its products/services, to be entertained, and to fill satisfaction and "pre-attendance" surveys. On the other hand, participants would not use interactive banking screens to adhere to financial services, since they considered that option as a delicate issue that should be done personally with an employee and not with a machine. At stated by Rudiger (2014), while interacting with a display, customers are provided with a specific experience that allows them to build a relationship with a brand, driving customer engagement. In this case, an interactive and technological relationship was being developed with a bank institution.

However, it was also found that the acceptance of technological devices and procedures, would not be supported by all bank clients. In particular, the elderly population, were viewed as a

people that could be less likely to understand, trust and comply with such technological equipment and digital procedures.

Considering the **interaction** that employees have with banking employees, it was clearly noted that personal connection, as opposed to a virtual one, is still essential and indispensable for everyone, especially when clients consider that they have difficult, complex or important issues that they want to solve or take care. This finding is in lined with Cambra-Fierro *et al*. (2014) observation that company-customer interactions should be shaped to please customers with the help of well trained employees who are better prepared to generate a higher engagement from the customers.

In addition to this, and according to some participants' observations made, it was possible to understand that the attendance service in banks should have a balance between privacy (on cubicles) and efficiency (on the service desk). Therefore, since there are clients with different needs and different preferences regarding the attendance they have, the bank should be able to adapt rapidly to these characteristics in clients' behaviour, instead of implementing a "*one size fits all*" attendance process.

Besides implementing a more personalised attendance process to each client, it was also showed interest in having more tailored and personalised products and services according to clients' different banking needs. Following the previous idea, the option of having an online **co-creation** platform was seen as the most practical and convenient way to make the opinions, suggestions and complaints of customers reach companies, without the need to have to go to a physical bank location. Nonetheless, as stated in the literature review section, to be successful, the company needs to invest in building new infrastructure capabilities, as well as new functional and governance capabilities that are based on co-creation through high-quality customer-company interactions and personalised co-creation experiences (Prahalad and Ramaswamy, 2004).

Regarding the virtual reality study made about the implementation of **store mood zones**, even though it was easily noted that all mood zones could offer considerable advantages, allowing the adaptation to the needs and interests of different targets, overall, there was a considerable disparity of opinions concerning the various mood zone areas. Some people agreed right away with the areas, considering that they would make sense to implement, and showed interested in experiencing them in a real context; while others were more sceptical and reluctant to accept these new areas in a banking facility. However, these opinions were based on very personal

needs, for example, if participants have or had children or animals they were more willing to accept and agreed with the areas for children and pets.

Moreover, in a global way, the areas that received more acceptance and were considered more relevant to the bank environment were the self-service area, the television area and the library/reading area, since all people could enjoy these spaces. The children's area and the pet's area, although were considered very interesting and useful, were also associated with several drawbacks, such as the noise and possible disturbances in the environments that could bother other clients. In any case, the final verdict about this store atmosphere trend is that even though it is not always possible to put customer in a happy mood (satisfying all customers), using every tool and technique available towards that end will be worth the effort (Lynott, 2015).

5.1.3   Final Conclusions

Some of the participants stressed with conviction that to improve their experience as a consumer within the banking establishment, the bank should firstly focus on providing quality products and services to customers and have better attendance processes and customer care practices. In other words, despite the relevance of having a good store atmosphere in the banking space, this was not considered the most important component in the consumer in-store experience.

Thus, it became apparent that the development of more practical and efficient attendance processes, based on better customer-employee practices, was pointed out as one of the crucial components and needed to be improved in the short-term in order to increase customers' satisfaction during their visits to physical banking facilities.

As reported by Olahut *et al*. (2012), ideally, retail atmospheres should be perceived as pleasant and moderately arousing. Atmospheres with these characteristics are likely to contribute to the overall favourableness of the store and affect shoppers' behaviour in a positive way (Chebat *et al.,* 2010). In line with this, the general receptive and positive opinions of participants towards the suggested trends in banking atmospheres, allow to conclude that these changes would improve the pleasantness and favourableness of the spaces, and therefore, should be implemented. However, such changes would have to be done gradually, as a way to avoid dramatic variations in the perception that customers have of these financial spaces. Therefore, it should be developed a sustained balance between an atmosphere which is able to transmit rigour and seriousness, and, at the same time, a feeling of relaxation, comfort and assurance to customers.

5.2 Managerial Implications

Bearing in mind all the results that were reached with this research, the positive and strong influence of store atmosphere in the customer in-store experience was clearly established. Therefore, banking managers and marketers should give attention and carefully considered all the atmospheric elements that could be used in order to enhance customer satisfaction and give the establishment a competitive advantage.

If the different store atmosphere trends suggested were to be implemented in a real bank institution, a thoughtful consideration should be made towards the target population that usually attends to a certain bank branch. This way, only the trends that would please that specific target, and were be considered more relevant and useful should be implemented. For example, in a bank branch situated in a university area probably it would not be recommended the implementation of a children's area inside the establishment since the majority of clients probably would not have children. A similar conclusion could be made towards the introduction of interactive screens in a bank branch situated in a rural and depopulated area where most clients are elderly, as this target (as it was proved in this research) would not feel the interest and neither will be conformable using such devices.

Besides this, the dimension of the banking facility should also be considered as an important factor that could determine if the establishment has sufficient capacity and conditions to include all the different mood zones studied and displayed in the virtual scenario.

5.3 Limitations of the Research

Despite the contributions of this research, it has, like many other empirical researches, several limitations that need to be pointed out. Therefore, with this information in mind, the interpretation of the results provided should be made with some circumspection, given the existent shortcomings.

In the first place, as a result of the lack of time and financial resources, this research had to be geographically limited, including only Portuguese bank clients and visitors. Moreover, the study, in particular, the in-depth interviews, were conducted only in Lisbon - an urbanised area, the country's capital. Therefore, the application of results in a large and global scale might be compromised due to the lack of participants from other cities and rural environments, which would result in different customer profiles and possible different viewpoints.

It is also important to note that the size of the sample used can largely determine the extent of which the information can be generalised. In this case, since there were only 10 participants in the focus groups and also 10 interviewees, the overall sample of 20 individuals can be considered reduced and poor to extract and conclude viable insights.

Thirdly, a non-random sampling method, namely a convenience sample, was used during the data collection moments, since the participants of the focus groups and the in-depth interviews were only people who showed availability and interest in participating and contributing to the study. As a result, this limitation may contribute to increase the effect of bias in the data. However, bearing in mind that an accurate sample was of difficult access with the resources at hand, the convenience sampling used showed to be a highly practical data collection method, as it was an inexpensive and a relatively fast process.

Another limitation of this study is the lack of quantitative data which supplements the exploratory and qualitative data gathered. This situation makes impossible the generalisation of the study's results to all the population, and also excludes its statistical viability. However, this methodological decision can be explained due to the fact that the topic under analysis (new store atmosphere trends) was barely known by the average person, which made it difficult and unfeasible the collection of opinions from a large data sets about situations and innovations that people could not understand and relate to.

An additional situation that may limit this research is related with the fact that when inquiring people about certain aspects of store atmosphere trends, there may be a discrepancy between

the answers provided and the actual behaviours in real contexts – which, again, highlights the need the need to interpret the results with caution. Only a "real test" on a bank with the store atmosphere trends implemented would show feasible results and participants true behaviour responses.

It should also be mentioned that more store atmosphere trends, from the ones present in the literature review, could have been considered applicable to the banking sector and studied in this research. However, a selective decision was applied, and the trends that were chosen were recognised as the most relevant and suitable to banking institutions.

From all the research's limitations listed above, it is possible to conclude two things. The first one is that the lack of a proper sample frame (diversified, randomly selected, and huge in size), the absence of a quantitative study, in addition to other research situations referred imply that any interpretation of the results must be made with huge circumspection, and the generalisations of the findings should be avoided. The second thing is the realisation that all these limitations could be turned into suggestions to overcome in future research, completing this way the study that was here started

5.4 Suggestions for Future Research

Even though the present study represents a valuable insight about the little-explored subject of store atmosphere recent trends within the marketing literature, there is still a huge space for improvements and further investigations concerning this topic.

Therefore, and considering the territorial limitations of this research, further explorations could be made outside the region of Lisbon or even in other countries, making a cross-cultural comparative study about the perceptions and opinions towards the implementation of several store atmosphere trends in banking establishments. Since culture is recognised to have considerable effects in consumer-experience, this cross-cultural experience could be very useful and a good opportunity to exhibit the similarities and disparities in results between several cultural groups regarding the perception of store atmosphere trends.

Moreover, it could also be interesting to investigate in further studies other store atmosphere trends referred in the literature review chapter. Some trends were not analysed in the empirical part due to the lack of adaptability to the general banking institutions, namely, retailtainment, storytelling, hybrid stores and new payment methods; however, it would be useful to have a study that could verify that assumption.

Other aspects worthy of consideration in future researches are the enlargement of the sample along with a random collection method applied, and the execution of a quantitative study that could provide a viable and relevant foundation to obtain statistical accepted findings.

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Appendix

Appendix 1: List and Characterisation of Focus Group Participants

Name	Age	Profession	Banking Institutions where participants are clients
Female	48	Sales Person	Millennium
Male	35	Accountant	Santander, Montepio, Citibank
Male	61	Entrepreneur in the Area of construction	CGD, Montepio
Female	35	Architect	Montepio, CGD, Popular
Female	22	Master's Student and Inter of Human Resources	Santander
Male	32	Public Agent	BCP, Best
Female	56	Financial Assistant	Santander, Banif
Female	25	Secretary	Millennium, CGD
Female	54	Administrative	Santander
Male	31	IT Professional	Montepio, Millennium

Appendix 2: Focus Group Script

Constructs	Questions	Methodologies	Metrics
1. Current Banking Store Atmosphere			
1.1 Characterisation of the participants.	Which are the banking establishments that you usually attend? Do you have a personal or business account in those banks?		
1.2 Characterisation of the physical space and store atmosphere	How do you characterise the physical space and the store atmosphere of the banks that you attend? What comments raise the following images?	Show images of real banks: - Waiting area - Service area	

1.3 Clients' Sensations	a) How do you feel and what do you think when you have to visit one of those banking establishments?		
	b) What is your state of mind or feeling that best describes the times when you are inside a bank? If not mentioned, point out the following feelings: - Annoyance; - Impatience (waiting time); - Intimidation (hostile and too serious environment) .	Distribute a paper sheet (nº1) with 5 boxes to put 5 feelings Show pictures of people on a banking bench	
2. New Trends in Store Atmosphere			
2.1 Testing the acceptance of changes in the banking environment	Just as certain stores and shops improve their interiors and store atmosphere to please customers, do you think that financial stores should do the same? Why?		
	Which alterations do you propose that banks do to make clients more comfortable and welcoming in their agencies?		

3. Interactive Screens			
3.1 Test the acceptance of this trend **Brief description:** Implementation of interactive screens in the store to make the customer experience more interactive and dynamic. These screens would work as varied sources of information and as a means of entertainment. They can be used while the customer waits to be attended to or during the attendance process, helping the employee to show relevant information in a practical and very visual way.	Do you think the implementation of this store atmosphere trend is suitable for banks? Why?	Do a brief description of these screens. Show pictures and videos of these screens already applied in banks.	
	Given the multiple features of interactive screens, which of the following would you use while in a bank?	Delivering a paper sheet (nº2) for people to signal the functionalities that they would use: (1) to get general information in newspapers and online sites; (2) to get information about the bank and its services; (3) adherence to financial services; (4) entertainment (5) fill satisfaction surveys; (6) completing questionnaires on personal data to facilitate and accelerate the process of care and (7) access to co-creation platforms (suggestion ideas for the bank).	The possible options for each functionality are: -I would use this feature; - I would not use this feature; - Maybe I would use this feature
	What are the benefits associated with this innovative trend?	Distribute a paper sheet (nº3) to participants for them to evaluate the possible advantages of interactive screens. Possible list of features: convenient, useful, informative, dynamic, reduces the	Use an agreement scale ranging from 1 (do not agree at all) to 5 (I totally agree).

		perception of time, streamlines the service process, form of entertainment, reinforces the technological component of the bank, other ...	
	Do you consider that the use of interactive screens could be associated with any disadvantages?		

4. Interaction with Employees			
4.1 Test the acceptance of this trend **Brief Description:** humanisation of electronic interfaces, using video calling and video conferencing systems. This trend aims to promote the relationship between the customer and the bank and support the development of a digital and technological relationship, thus improving the customer experience in and out of the store. **Innovation 1:** This innovation would be made in ATMs, in which it would be possible to get in touch via video and phone call with a bank assistant. This would provide a great help especially to the elderly since this is the layer of the population that may have more difficulties in dealing with ATM's. Moreover, it would also increase the range of possibilities of operations to make at ATM's (for example, you could open bank accounts).	Do you consider the interaction with employees an important factor in your relationship with your bank? Why?		
	At the moment are you satisfied with the care that is provided to you in your bank institution?		
	Have you ever felt the need for help when using an ATM?		
	Innovation 1: Do you find relevant the implementation of this innovation , taking into account that the target addresses (elderly)? **Innovation 2:** In your opinion is this	Show images and videos. Explain the idea of the new trend and the two innovations: - Humanise ATMs - Create video call stations in the financial stores	

Innovation 2: The second innovation was the implementation of "individual stations" of video conferencing and video calling within the financial stores in order to offer the possibility to customers to come into contact with employees more quickly and efficiently (without them having to wait a long time to be served in person).	innovation relevant or do you consider that the attendance by a bank employee should only be done in person? Would you use some of these features if they were implemented in the banking institution that attend? Do you consider that the adherence of banks to new forms of communication based on the "digital and technological means" is a good strategy?		
	What do you consider to be the biggest advantage of the strengthening of the customer-employee interactions by humanisation of interfaces?	Distribute a paper sheet (nº4) to participants for them to evaluate the possible advantages of this trend. Possible advantages: closer contact between the client and the bank, possibility to ask for help in operations, the speed of service, efficient service, security of service, increased the range of operations that can be performed at the ATM, others...	Use an agreement scale ranging from 1 (do not agree at all) to 5 (I totally agree).

	Do you consider that the humanisation of interfaces could be associated with any disadvantages?		

5. Co-Creation			

5.1 Test the acceptance of this trend **Brief description:** Implementation of an online platform where customers can give their ideas and / or opinions on the bank, thus helping to develop new services and projects taking into account their needs. In addition to the online platform, would also be a space in physical stores created specifically to be made workshops / meetings / interviews in order to gather feedback from customers in a more personal and interactive way. The end result would include the development of spaces with focus on the consumer (both offline and online) as a way to motivate a co-creation of value between the bank and the customer .	Have you ever felt the need to have a service or banking product that best satisfy your needs?		
	Do you consider that banking institutions are currently receptive to hearing the opinions and feedback from their customers? If so, do you think that beyond listening to their customers, the banks are concerned about implementing the suggestions given by them?		
	How to evaluate the hypothesis of you suggesting ideas and give opinions to your bank (regarding its services, their customer service, etc.), knowing that there would be a good chance of becoming a reality?	Explain the concept and the new trend (online co-creation platform for suggesting ideas and make customer reviews)	

	In your opinion, what do you consider to be the biggest advantage of this trend?	Distribute a paper sheet (nº5) to participants for them to evaluate the possible advantages of this trend. Possible benefits: a feeling of recognition and appreciation of customers by the bank, possibility to create more personalised services, banks and other financial stores pass the image of being receptive and able to adapt to new ideas, appreciation of the relationship between the bank and the client, other...	Use an agreement scale ranging from 1 (do not agree at all) to 5 (I totally agree).
	Do you consider that this trend might be associated with any disadvantage?		
6. Evaluation and Final Considerations			
	Do you believe that with the implementation of the suggested store atmosphere trends, the customer satisfaction levels would increase?		
	In you viewpoint, which more trends and innovations would you add to the bank so it could provide the best possible experience to customers within the store?		

	Finally, to conclude, do you have any suggestions to make or questions you would like to add regarding the subject "the bank of the future"?		

Appendix 3: Questionnaire for Focus Group Session

Nº1: What is your state of mind or feeling that best describes the times when you are inside a banking establishment?

Nº 2: Considering all the features that Interactive Screens could have, which of the following features would you use/not use/maybe use?

Interactive Screen Features (Adapted to the Banking context)	Select an option with an "X"		
	I would use this feature	I would not use this feature	Maybe I would use this feature
To get general information in newspapers and online sites			
To get information about the bank and its services			
Adherence to financial services			
Entertainment			
Fill satisfaction surveys			
Fill questionnaires about personal data to facilitate and accelerate the attendance process			
Access to co-creation platforms (suggesting ideas to the bank)			

Nº3: Interactive screens: What are the advantages associated with this store atmosphere trend?

Select an "X" in your level of agreement regarding the advantages presented below	1 – Totally Disagree	2 – Disagree	3 – Do not agree nor disagree	4 – Agree	5 – Totally Agree
Interactive screens are convenient					
Interactive screens are useful					
Interactive screens are informative					
Interactive screens are dynamic					

Interactive screens reduce the perception of time spent in the banking store					
Interactive screens make the process of attendance more efficient					
Interactive screens are a good form of entertainment					
Interactive screens introduce a technological component in the bank					

Nº4: Customer-Employee Interaction: What are the advantages associated with this store atmosphere trend?

Select an "X" in your level of agreement regarding the advantages presented below	1 – Totally Disagree	2 – Disagree	3 – Do not agree nor disagree	4 – Agree	5 – Totally Agree
Promotes a closer interaction between the bank and the customer					
Allows to ask for help while doing operations in an ATM					
Faster service					
Greater service efficiency					
Increase security and confidence in the service (people are that they made no mistakes)					
Increase in the range of operations performed on an ATM					
Allow to receive support outside the banking opening hours					

Nº5: Co-Creation: What are the advantages associated with this store atmosphere trend?

Select an "X" in your level of agreement regarding the advantages presented below	1 – Totally Disagree	2 – Disagree	3 – Do not agree nor disagree	4 – Agree	5 – Totally Agree
Customers feel the sense of recognition and appreciation by the bank					
Ability to create more personalised services					
Banking institutions transmit the image of being receptive and able to adapt to new ideas					
Appreciation of the relationship between the bank and the customer					

Appendix 4: List and Characterisation of Interviews Participants

Gender	Age	Profession	How often participant came to the bank during the last year?	What is your opinion about the physical space and the store atmosphere of this bank branch?
Male	65	Civil Engineer	20 times	Quiet space with a good attendance service.
Female	24	Administrative Assistant	3 times	The space does not have tickets with attendance number or any orientation (feeling of being lost). It does not have any chairs to seat.
Female	40	Manager of Restaurants	Everyday	The first impression is focused on the people who are attending. The space is nice.
Male	37 (approx.)	Work in the field of Communication	2 times	It is spacious, yet there is not much privacy in the attendance moment.
Male	32	Consultant	2 times a month	Likes the space. Participant feels comfortable, but prefers to spend the least possible time at the bank.
Male	42	MBA Student	10 times	Positive opinion. There is internet. Participant feels welcomed, comfortable and satisfied.
Male	65	Retired (Previously was a Bank Clerk)	3 times	Great space. Participant feels welcomed and comfortable.
Female	49	Economist	3 times a month	Preference for the most modern banks because the old ones are not so good.
Male	47	Bank Clerk	Everyday	The space it is adjusted to today's bank activity.
Male	81 (approx.)	Retired	Very few	It is a good. Participant feels welcomed and comfortable.

Appendix 5: Personal In-depth Interview Script

Interview for the Participants of the Virtual Reality Study

Name:
Age:
Profession:

Part I – Questions <u>before</u> the virtual reality bank scenario:

1. How often did you come to this bank establishment in the last 12 months?
2. You come here to deal with what kind of issues?
3. What is your opinion about the physical space and the store atmosphere of this bank branch?
4. Did you feel welcomed and comfortable when you have to come to this space?
5. Have you ever thought about any possible improvements that this space could have? If so which ones?

Part II - Questions <u>during</u> the virtual reality bank scenario:

6. What differences did you notice in the virtual reality bank comparing real bank branch?

7.1 Pets' Area

    7.1.1   Do you have any pet?
           If yes: do you use to take your pet with you to the bank?
           If not: do you agree that other customers may bring their animals to this space inside the bank?

    7.1.2   Do you consider useful the introduction of this area in this type of establishment?

7.2 Children's Area

    7.2.1   Do you have any children/grandchildren (until 10 years old)?
           If yes: Do you usually bring he/she/they to the bank?
                 If usually not: Why is that? Then, with the introduction of a specific area for children to play and be entertained, do you consider bring he/she/they?
                 If usually yes: In this case, do you consider appropriate to create a space just for the kids to play and be entertained while their parents/grandparents deal with financial matters? Then, will you bring your child/grandchild for this space?
           If not: Do you agree that other customers may bring their child/children to this area in the bank?

7.3 Self-service Area

    7.3.1   Would you have interest in drinking coffee, tea, juice or/and water while waiting to be attended at the bank?
    7.3.2   Do you consider to be pertinent the implementation of an area dedicated to "*conviviality*" and to "*have a drink*" at a banking institution?

7.4 Library and Reading Area

    7.4.1   Do you use to read in your spare time?
           If yes: In this case, would you have interest in enjoying this area, so that you could spend the waiting times reading a piece of information? If so, what would you like to be available for you to read? Books, magazines, newspapers?
           If not: Do you think that it is an advantage to have a space like this (dedicated to the reading) for customers who are interested in this activity?

Part III - Questions <u>after</u> the virtual reality bank scenario:

8. How do you rate your experience as a consumer in the virtual bank, compared to the experience you have real current banking establishments?

9. From a general perspective, do you consider the fact that the virtual establishment has different areas and offers various activities to its customers as an important factor in your experience as a consumer in the store? Why is that?

Appendix 6: Questionnaire for Virtual Reality Session

Store Mood Zones: Evaluation of the Virtual Bank Scenario

Select an "X" in your level of agreement regarding the advantages presented below	1 – Totally Disagree	2 – Disagree	3 – Do not agree nor disagree	4 – Agree	5 – Totally Agree
The virtual store environment is cosy and comfortable					
If this the virtual store was implemented in a real store I would like to visit it					
Compared with current banking establishments, I would not mind staying more time in a bank with the virtual store features					
The space was designed and conceived with focus on customers					
The space addresses all customer's needs when they are inside the bank					
The implementation of this trend would benefit customer satisfaction and their in-store experience					
The implementation of this trend reduces the feeling of waiting times					
The different spaces give added value to the banking establishment					

Appendix 7: Images from the Virtual Reality Scenario

Figure 1: Virtual Banking Scenario – above view

Figure 2: Virtual Banking Scenario – side view

Figure 3: Participant in Virtual Reality

Figure 4: Participant in Virtual Reality & In-depth Interview