ISCTE Business School
Instituto Universitário de Lisboa

NEW TRENDS IN CONVENIENCE STORES

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Acknowledgments

I cannot believe this is it!

I am at a loss of words here, because since I started writing this project everything changed – professionally and personally – and it is actually quite fulfilling and curious to look back and reflect on it.

First of all, I want to thank "me, myself and I" for being able to do this – it has not been an easy road, but I can proudly deliver this project while knowing that I gave my maximum effort.

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I just cannot wait for whatever comes next! ☺

Abstract

In the last few decades, several innovations appeared that completely transformed the concept of convenience all around the world. In Portugal, a country where convenience stores and gas stations exist side by side, the propagation of electric cars can quickly change what convenience means for the Portuguese customers – it is expected that these places become unnecessary if they do not adapt to new trends. Several questions arise: How can one engage customers that will now spend around 10/15 minutes waiting for their cars to charge? How can these stores become true entertainment centres instead of being just "places to buy gas"? How can managers prevent that these stores become "obsoletes"? And how can new trends (such as hybrid stores, "retailtainment" and interactive screens) impact Portuguese customers and their decision on where to shop?

To try and answer even more questions, this project was developed in a joint effort between the author, Marketing Future Cast Lab and Galp. With the main purpose of studying the influence of future trends on Portuguese convenience stores, an extensive literature review and benchmark analysis phase was started. The most relevant trends were then used as a basis to create new concepts and innovative ideas while posterior testing (both quantitative and qualitative) validated/excluded them.

By combining the knowledge obtained from the literature review, the feedback from the stakeholders of the project and the insights from the chosen methodologies, it was possible to conclude that there exists a serious possibility of a breakthrough in this sector through a new, perception-changing positioning on what is a convenience store. The focus should be, namely, on New Assortments (e.g. food and vending machines), Store-in-Store concepts (e.g. fresh food stations), Partnerships with recognized brands and investment on Digital/Technology.

In the final remarks, managers are advised to acknowledge the vital need of accepting and implementing these trends, never losing focus with the fact that the only constant is change.

Keywords: Convenience Stores, Future, Trends, Customer Experience

JEL Classification System: M31 – Marketing; M39 – Marketing and Advertising: Other

Resumo

Nas últimas décadas, surgiram diversas inovações que revolucionaram o conceito de conveniência por todo o mundo. Em Portugal, um país onde lojas de conveniência e postos de abastecimento surgem lado a lado, a disseminação de carros elétricos pode rapidamente alterar o que é a conveniência para os portugueses – é expectável que estes locais se tornem desnecessários caso não se adaptem a novas tendências e formas de consumo. Surgem diversas questões: Como entusiasmar pessoas que passam, agora, 10/15 minutos à espera que o seu carro carregue? Como podem estas lojas tornar-se centros de entretenimento e experiências ao invés de serem apenas locais para a compra de gasolina? Como prevenir que se tornem obsoletas? E como podem novas tendências (tais como lojas híbridas, *retailtainment* e ecrãs interativos) impactar os consumidores portugueses e as suas decisões de escolha de locais de compra?

De forma a responder a estas e mais perguntas, este projeto foi desenvolvido entre o autor, o Marketing Future Cast Lab e a Galp. Com um principal foco no estudo da influência das novas tendências nas lojas de conveniência portuguesas, uma profunda revisão literária e análise de *benchmark* foi efetuada. As tendências mais relevantes foram, então, utilizadas como base para a criação de conceitos e ideias inovadoras que foram posteriormente testadas (quantitativamente e qualitativamente) e consequentemente validadas ou excluídas.

Ao juntar o conhecimento obtido pela revisão literária com o *feedback* recebido pelos *stakeholders* do projeto e com os *insights* gerados pelas metodologias escolhidas, foi possível concluir que existe uma forte possibilidade de alteração do paradigma deste sector através de um reposicionamento assente na mudança da perceção dos clientes acerca do objetivo das lojas de conveniência. O foco deve estar, também, na gestão de sortido (como comida e máquinas de venda automática), no conceito loja dentro de loja (estações de comida), em parcerias com marcas conhecidas e no investimento na vertente digital e tecnológica da marca.

Nas conclusões finais, sugere-se à Galp que reconheça a necessidade de aceitar e implementar estas novas tendências, nunca perdendo a noção de que a única constante é a mudança.

Keywords: Convenience Stores, Future, Trends, Customer Experience

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1 | Introduction

The competitive environment felt in the retail market created a strong need for new and reimagined ways to deliver products and services to customers and although they still look for functionality and quality, they also demand something else – excitement and an improved value proposition.

Furthermore, numerous revolutions in recent years (namely in the ways people interact with each other) deeply changed society and the way it behaves, inciting retailers, managers and marketers to develop strategies that attract, retain and “enchant” their target customers. In this perspective, several trends started to appear as means that could differentiate and develop retail spaces (in this case, in the convenience sector) and, at the same time, stimulate customers’ interests and attention. Note that these trends appeal to the 5 senses and try to fully immerse customers in a new concept of shopping conveniently, far from the preconceived idea of overpriced offers and unorganized layouts.

And that is the aim of this study – to investigate, identify and understand which trends can influence and be implemented in the convenience store’s segment (specifically in the case of a Portuguese brand) in order to improve the in-store and out-of-store customer experience. To achieve this objective (and considering the lack of data in this specific case), a qualitative and exploratory methodology was implemented in this study (through a focus group) to understand the level of acceptance and criticism from participants. All of their inputs were explained and discussed (considering the findings from previous literature), providing significant and important conclusions on this topic.

1.1 | Theme, Research Problem and Objective

As previously stated and although store atmosphere and retail trends have an abundant number of studies by renowned authors, one of the main problems acknowledged while choosing a topic for this project was the lack of scientific literature and empirical information that would enlighten readers on convenience stores’ trends when applied to the Portuguese reality.

Therefore, the research problem will be to explore the influence of the chosen trends (with a clear emphasis on the Portuguese Convenience Stores' sector) while using qualitative and quantitative methodologies to evaluate consumer's opinion and provide limitations, implications and future points of action for managers.

1.2 | Structure

This study is divided in chapters that go from existing research (literature review and benchmark) to more specific conclusions (analysis of the gathered results).

The first and current topic – **Chapter 1** – introduces an executive summary explaining the chosen topic, its reasons and importance.

Chapter 2 describes the company being studied and provides some details about it, in order to enlighten and contextualize the reader.

Afterwards, the study moves into the literature review (**Chapter 3**), providing a comprehensive and detailed understanding of the topic under research, as well as deep insights and strong definitions linked with the concept of convenience. The focus will be on the new trends in convenience stores – which include hybrid stores, store mood zones, interactive screens, retailtainment and revolving decors, partnerships and the convenience stores of the futures. Adding to the theoretical definition, some benchmark examples will be provided in each topic (to increase the readers understanding and to clarify the thesis).

The created concepts according to the data collected previously are explained in **Chapter 4** and their testing will be done according to the methodology presented in **Chapter 5**, where the methodological and research choices are outlined and explained in detail.

Finally, the analysis, explanation and discussion of the results is conducted in **Chapter 6** and the conclusions, implications, limitations and suggestions for further research are present in **Chapters 7 and 8**.

2 | Company Characterization

2.1 | The Company Profile: Galp

Galp is a Portuguese company, founded in 1999, acting in the energy sector and developing profitable, sustainable and diversified businesses across the globe. It is the only integrated group of oil and natural gas in Portugal, with activities that go from the exploration and production of oil to the refining and distribution of the same product and ending in the distribution and selling of natural gas and generation of electric energy. Their activities are in strong expansion on a global scale, namely in Portugal, Spain, Brazil, Angola and Mozambique.

In 2017, this integrated multi-energy operator company presented a turnover of €15,204 million euros, having 1459 service stations, 823 convenience stores and 5406 workers. By developing the upstream business they were able to triple the production of petroleum and gas, having achieved the ability to produce 100 thousand barrels per day.

Their strategy is based on the creation of value through the development and expansion of the company's activities, namely in exploration and production. A clear company development and growth scheme has been defined, supported by a solid financial capacity, skilled human capital, sustainable practices, well established partnerships and a big investment in Research & Technology. Moreover, they focus on developing a strong upstream portfolio integrated with an efficient and competitive downstream business, supported by innovative solutions. All of this is based on a solid financial capability and on a customer-centric organizational culture, making Galp a very strong and competent player in a very uncertain and complex environment.

The first priority to deliver this strategy is the focus on executing the ongoing projects through a number of recognized practices in safety and environmental protection. Then, extracting maximum value from current assets and businesses is equally important and, last but not least, new areas for value creation are constantly explored and developed.

2.2 | Values and Mission Statement

According to the institutional website, Galp believes that "energy creates energy". They nourish inspiration, stimulate initiative, share, collaborate and develop themselves, integrating the essential principles of sustainability in their culture (which includes ethical, social economic and environmental aspects). Additionally, their commitments to sustainability guide their responses to sustainability issues and challenges, considering the expectations and concerns of their stakeholders.

2.3 | Types of Stores

As previously reported by the company, they have their stores divided by four categories (table 1).

Table 1: Types of Galp Convenience Stores

	Inside Towns ("Localidades")	***Metropolitan Roads ("Metropolitanas")***	***Roads ("Estradas")***	***Long Distance ("Longo Curso")***
Size	30-130 m^2	25-250 m^2	25-130 m^2	35-170 m^2
Number of Stores	62	84	84	32
Description	Stores visited daily to acquire **tobacco, newspapers, magazines** and **coffee**, being used as a **meeting point** (higher time in store).	Store of reference to acquire **tobacco, newspapers** and **magazines,** with strong **coffee**, **breakfast** and **impulse** product offerings.	Visited by clients that do **specific and shorter journeys** more frequently.	Visited by clients who are doing **longer journeys** with reduced product offer.
Type of Offer	Offers **basic products** and also those found in **coffee shops** (such as coffee and pastry).	Offers **sweets** and **coffee**; **Differs** in some locations.	**Grab&Go** is offered in coffee and pastry items; **Beverages and items for a break** that may be complemented with an impulse product.	**Grab&Go** is offered; Pastry and Coffee is more **varied**; **Beverages and items for a break** that may be complemented with an impulse product.

3 | Literature Review

3.1 | Convenience Stores

According to Berry *et al*. (2002), the concept of **convenience** first appeared in the marketing literature related to categories of products in 1923. Later product classification also incorporated the convenience goods category, denoting the time and effort customers used in purchasing a product rather than a characteristic or attribute of a product and, finally, it started focusing on resources such as time, opportunity and energy that customers give up to buy goods and services.

And while customers have become increasingly focused on value, cost, time and effort – which sparked the expansion of the concept of convenience to goods and services – there was a time (not too long ago) when they had to go from store to store to buy their commodities and their midnight thirsts were met with locked doors. Convenience (as it is today) did not exist and the first link between "convenience" and "store" solely appeared in 1927, in a store in Dallas, USA.

Still, the concept of **"convenience stores"** remains vaguely defined: America's National Association of Convenience Stores (NACS, 2018) defines it as "…*a retail business with primary emphasis placed on providing the public a convenient location to quickly purchase from a wide array of consumable products (predominantly food or food and gasoline) and services*", while Nielsen (2015) further defines it as "…*a type of retail format that focuses in offering characteristically limited to high-convenience products and food items that consumers often use and need rapidly, such as milk, bread, toilet paper, soft drinks and ready to go foods*". So, essentially, consumers want convenient locations, extended hours where they have grab-and-go food service and convenient products, delivered fast and easily (CSD, 2016).

Also, in a recent past, every convenience store looked about the same – about 2400 square feet of packaged consumer items – while nowadays companies are quickly understanding the potential of offering different types of stores, products and services: there are mini-convenience stores and even hyper-convenience stores (with bars and foodservice). A sign of that is that the fastest growing segments are the non-traditional stores (≠ 2400 square feet) (NACS, 2018).

According to the same source, convenience stores now follow 6 formats with a key difference – their size:

- Kiosk (< 800 square feet)
- Mini Convenience Store (800 to 1350 square feet)
- Limited Selection Convenience Store (1350 to 2300 square feet)
- Traditional Convenience Store (2300 to 2650 square feet)
- Expanded Convenience Store (2650 to 3800 square feet)
- Hyper Convenience Store (3800 to 5000 square feet)

However, in general, they all have the following characteristics:

- Size is less than 5000 square feet;
- Off-street parking and/or convenient pedestrian access;
- Extended hours of operation with many open 24 hours, 7 days a week;
- Stock at least 500 SKUs (Stock Keeping Units);
- Product mix includes grocery type items and some from the following groups: beverages, snacks and tobacco.

Convenience stores are frequently linked with gas stations, so that firms can rely on other revenue streams apart from the sale of gasoline (NACS, 2018) and are thought to be more quickly assimilated in modern metropolitan areas where the population density is high and life is fast paced (Ting, 2005).

3.2 | Customer Experience

Verhoef *et al.* (2009: 31) stated that "*retailers around the globe have embraced the concept of customer experience management, with many incorporating the notion into their mission statements*". In fact, the shift from traditional marketing to experiential marketing has become evident, with customers wanting to receive numerous worthy experiences and showing themselves always dissatisfied (even though they have more choices of products and services than ever before) (Prahalad and Ramaswamy, 2004). As previously mentioned, customers are now taking the functional attributes and quality for granted, wanting meaningful experiences – "*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).

The same author also stated that in order to thrive in Experiential Marketing (the act of managing experiences), marketers should create integrated experiences for customers that not only include and stimulate the 5 senses but also thinking, acting and relating, implementing them through experience providers such as communications, product presence, retail environment, electronics, media and people managed coherently, consistently and with full details (in order to extract its fullest potential). It is equally important to develop the whole customer's journey – from the pre-purchase, acquisition and consumption until the after-sales phase (Neslin *et al.*, 2006).

One of the main ways to manage customer experience is through the development of store atmosphere. This concept had a clear evolution in the last 5 decades, being initially defined by Kotler (2001). A decade later, a new hedonic perspective was adopted (mainly because of several studies which helped demonstrate that experiential aspects are important and influence consumer consumption), abandoning the idea that people are solely rational beings (Schmitt, 1999; Solomon, 2008; Holbrook & Hirschman, 1982). Nowadays, retailers understand how crucial it is to take into account this new approach to manage their retail spaces (Schmitt, 1999) and that, more often than not, the perceptions of customers are not equal to the ones desired by the organization (Kotler, 2001), which ignites the need for retail atmospheres to be shaped with a specific customer in mind instead of trying to appeal to everyone at the same time. The reason why this is important is that when customers are inside a store, emotional status can affect shopping behaviour (Kusumowidadgo *et al.*, 2012).

3.3 | New Trends of Convenience Stores

"*Inside the store, we know that 20 years from now we will sell the same thing that we sell today: convenience. What that looks like is difficult to predict.*" said Jeff Lenard, then vice president and industry advocacy for NACS (National Association of Convenience Stores) (Riell, 2013: 65)

According to futurists, visionaries and industry watchers, the next decades will see deep changes (both surprising and extraordinary) in retailing. Electric fuelling stations rather than gas islands? Stores that change format frequently and on a dime? Healthier offer? That's what comes next for convenience stores (Riell, 2013). One thing is clear – the primary value proposition of the convenience store industry will be radically redefined, under the threat of the actual one becoming obsolete. Yes, there will always be a need for emergency or last-minute purchases, but "…*this is hardly a formula for a robust future*", according to Ryan Matthews, founder and then CEO of Black Monk Consulting (Riell, 2013: 64). Finally, it is also true that the unique essence for convenience stores continues to be achieved though the choice of a good localization and adaptation to the characteristics of their communities.

This sector features a lot of potential, with diverse trends – such as hybrid stores, store mood zones, interactive screens, retailtainment and revolving decors – getting a lot of notoriety and providing a preview of what customers truly value. Though these trends are still uncommon in the retail industry, Wesfield (2014) states that many retailers are already showing signs of early adoption.

The trends are further discussed in the following sub-chapters, focusing specifically (and as much as possible) on the convenience sector (namely through examples). Note that a remark will be made whenever the examples are not from the convenience sector:

3.3.1 | Hybrid Stores

According to Cheng *et al.* (2009), traditional convenience stores started offering a variety of take-away, ready-to-eat and ready-to-heat food such as sandwiches, coffee and frozen food in the late 1970's in the USA and, nowadays, a condition for these stores to survive in the food segment is to have new offerings on a regular basis in order to maximize the frequency of customer spending.

Thus, the "hybrid store" concept was born. Simply put, it is a mix of different business areas in the same outlet, and in the present it is mainly connected with advanced convenience stores that link usual offerings with eating possibilities for customers who require quick and convenient dining options (Liu *et al.*, 2004). This differs both from the common grab-and-go model found in traditional stores and from the environment found in restaurants, challenging the dominant concept of both settings and motivating dramatic changes in the food service industry around the world (Cheng *et al*., 2009), namely by repositioning convenience stores in the market as more than just vendors of convenience goods: now, they are also providers of comfortable dining services. Malin (2014) adds that 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. This strategy allows the stores to keep relevant and fresh.

According to Liu *et al.* (2004), Taiwanese hybrid convenience stores can be divided into three different types (when looking specifically at offerings related with food), although this division can be generalized to other countries:

1. Those more traditional, with outdoor patio dining tables (similar to coffee shops) and seats;
2. Those with wireless network service and an interior table with stools (similar to bars) next to the food section;
3. Those with an interior dining area with a layout and atmosphere that resembles a modern, fast food restaurant.

Specifically within customers who prioritize speed, efficiency and convenience, hybrid convenience stores may be seen as hygienic places to eat, with a whole variety of options and benefits which increases their likelihood to select these spaces when choosing where to purchase and eat.

Below, clear executions of the hybrid store concept can be found:

- **Terrible Herbst Oil Co.** (Convenience Store and Fuel Retailer) **has opened Herbst Market**, a 15000 square foot grocery store that is open 24/7. This is a convenience store and grocery hybrid space that offers a broad assortment of merchandising including fresh produce, frozen food and pastries, as well as health, pet and cleaning products. Moreover, this company goes even further and offers gaming lounges, Western Union services and ATMs. (Lindenberg, 2017)

- **American Natural** (Convenience Store) was driven to create a new, more natural culture of convenience built on the belief that, despite your busy lives, you should not have to sacrifice what is important to you and your family. Better food. Better service.

Better choices. All delivered with a great sense of community. Their new stores have counters and table top seating for dining as well as a lounge area for customers to relax or enjoy the barista-made beverages. There is also an exterior patio dining, offering more seats in a different environment. (Romano, 2017)

- **Lush** opened, in 2015, its largest store in the world. Set on Oxford Street and spread over three floors, it showcases Lush's full range of products and offers a Spa with four treatment rooms, a Hair Lab where clients can try products before purchasing and an events space (with activities such as workshops and talks by experts). (Lewis, 2016) *(non-convenience example)*

3.3.2 | Store Mood Zones

In the past decades, the retail industry has grown exponentially, which naturally brought intense competitiveness to the market and made the 4 P's (product, price, promotion, place) unreliable for endurance and growth (Wannianayake *et al.*, 2007). Moreover, new technologies, trends and patterns have created new competition from alternative channels (e.g. the internet). These evolutions created the urgent need for adaptation to new trends and elements of in-store engagement – such as the physical environment – in order to improve the shopping experience, to increase differentiation from competitors and to optimize sales and profitability.

Also, for more than 20 years, customers' responses to store atmosphere and visual merchandising have been investigated and it has now become widely accepted that an appealing store atmosphere has a major impact on store assessment (Groeppel-Klein, 2005) – irrespective of the specific merchandise being offered, some stores are more attractive than others and, ultimately, more profitable (Spies *et al.*, 1997). Steven Johnson, then consultant and owner of Foodservice Solutions in Tacoma, supports this claim by encouraging that "*When it comes to design/décor, grocerant* (a blend of a grocery store and a restaurant) *areas have become a platform to edify the value of the store's brand with an interactive, participatory look and feel.* […] *Each elevates consumer interactive [experiences], freshness and sustainability in the mind's eye of the consumer*" (Petrak, 2016: 17).

It is crucial to note that there are different definitions for "atmosphere" or "atmospherics" that complement each other: it can be defined as: the physical characteristics of a store that are used to develop an image in order to attract customers (Berman and Evans, 2010); as *"… the conscious designing of space to produce specific emotional effects in buyers that enhance their purchase probability*" (Liu and Jang, 2009: 495) and as the design of a store's environment by appealing to the five human senses (Levy *et al.*, 2012). Kotler's definition is also widely used – he defines atmospherics as the planning of a buying environment in which specific emotions are created (through the use of the senses) in order to enhance the consumer's likelihood of purchasing (Kotler, 2001).

Ultimately, the aim of any retail store's design is to enhance the customers' experience, to boost in-store traffic, to communicate effectively and to attract attention (Pradhan, 2007), which can be achieved through improvements in the store's physical environment and by focusing on the construction of store "atmospherics" such as music, scent, lightning and colours that may stimulate the 5 senses of shoppers (Berman and Evans, 2010) and create a positive mood, increasing the customers' time and money spent and influencing their feelings about entering and staying in a retail store (Spies *et al.*, 1997), as well as the time spent browsing and evaluating the merchandise, the eagerness to communicate with the store personnel and the possibility for future investment (Berman and Evans, 2010). Stores with pleasant and moderately arousing ambience are likely to contribute positively to shopper's behaviour (Chebat *et al.*, 2010), possibly influencing whether customers will spend more or less time in a store, purchase something or just browse the store (Lynott, 2015). Additionally, the atmospheric stimuli have effects not only on customers, but also on employees (Kusumowidagdo *et al.*, 2012). According to Bell et al (1990), a good environment will not only improve productivity but will also affect employee satisfaction at work, increasing loyalty to the company and performance.

Fact is that, according to Nell and Wiid (2014), 83% of all in-store communications appeal to the sight. Most retailers use only sight as a way of attracting customers into their stores, emphasizing the importance attached to this sense. As Kotler (2001) wrote, the two most crucial factors that have impact on sight are colour and lightning. And how do multi-sensory cues (those that complement vision in a store atmosphere) impact shoppers' emotions and behaviour? Through a series of studies, Helmefalk and Hultén (2016) found that there is a positive outcome of those cues on customers in a retail setting (on emotions and purchase behaviour as well as on long-term profitability and store image). So, if a retailer's objective is to offer sensory experiences to shoppers and to increase sales, then this is worth considering.

From all that was written in the above literature review, it can be determined that in-store atmospheric elements (including sight) definitely have an influence on the emotions of customers, further persuading their buying behaviour. Reactions to those environments, however, are not universal – different categories of customers appear to behave differently when presented with the same atmospheric stimulus (for example, it was discovered that reactions to environmental music varies by age and by gender) and the relationship between the shopper and the environment stems from selective attention (since our short-term memory has a limited nature, it is futile to bombard shoppers at the point of sale, as it results in the information being discounted and in customers being confused). Less is more, and appropriateness should be applied (Soars, 2009). Retail environments should be carefully crafted with a particular consumer in mind (Turley and Milliman, 2000).

As an example, Inageya, Family Mart and Godiva come to mind:

- **Inageya**, a retailer in Japan, has introduced high-quality sofas, tables and chairs in many of its lounge zones. The aim is to use furniture and other store atmospherics to create a distinctive space, in which customers feel more at home. (Osaki, 2015)
- **FamilyMart**, a Japanese convenience store franchise chain, has a zone in which customers can charge their smartphones in some stores. Not only does it create a space with a distinctive mood, in-store, as it can make customers stick around for a while longer. (Osaki, 2015)
- **Godiva** opened a sensorial store in Hong Kong designed to bring the brand to life by stimulating the senses. Customer experience was elevated and became more interactive and immersive through designed experience zones. For example, as visitors enter the store, a dynamic shopfront window showcases the art of making chocolate. A gallery displays new launches in a creative scenery and customers can shop by mood or visit the occasion zone to find a gift. There’s also a café with mirrored walls that offers a lounge for hanging out. (Dennis, 2018) *(non-convenience example)*

3.3.3 | Interactive Screens

Staying connected is a crucial part of the shopping experience (whether in the form of free Wi-Fi in shopping centres or in-store technology). Customers are looking out for technology that gives them control and ensures efficiency. According to Westfield (2015), both the male and the female shoppers are significantly more aware of new technologies, seeing things such as virtual mirrors playing an important role in the way shopping is done.

According to Kuikkaniemi *et al.* (2011), any surface might soon become a digital display, completely transforming the appearance of cities, bringing the digital world out of computers and benefiting both organizations and individuals. The rising trend of online and non-physical shopping allows retailers to attract customers by using the technology seen in their touch screens (namely through smartphones and tablets) and integrating them into store displays (McQuarrie, 2015). This mixture of technology-enabled experiences and physical stores allows brands to create innovative, interactive displays and a much higher engagement that can be applied in-store (e.g. by retaining the customers in the store for a longer period of time) and out-of-store (e.g. by grabbing the usually called 'window shoppers' (or passive customers) attention) (Whisbi, 2015). In fact, the use of digital technology by retailers in bricks and mortar stores has grown over the last few years (Charlton, 2013).

Generally, interactive screens take the form of wall installations or table fixtures (McQuarrie, 2015), allowing customers to interact with them and discover different features of the brand, product and service but they can also be present in different formats (such as staff using iPads, mobile POS devices that can cut queues, motion sensitive screens that react to passersby customers and kiosks that allow customers to access more information about products (Charlton, 2013)), used with different objectives in mind (namely for inventory display, digital storytelling, product advertising, point-of-sale promotions and 24/7 shopping) and applied to industries that range from fashion to automotive (Whisbi, 2015). It is also safe to say that all the new technologies existing nowadays show great potential for more creative and innovative uses of computing than ever before and large displays are increasingly more valuable (Ardito *et al.*, 2015).

This trend is very successful because it moves customers' imagination. It is pure entertainment, brought to the world of retail and innovating the otherwise dry and predictable experience of shopping. Customers need more thrill, excitement and innovation to continue engaged, and interactive screens help to achieve that (Whisbi, 2015). Kuikkaniemi *et al.* (2011) discussed how this trend will bring people together in public places and transform passive customers in involved ones, intensifying the social aspect of retail spaces and increasing the desire to spend more time in stores.

On the business perspective, these interactive displays are flexible and operate 24/7 without needing breaks or off-time, while enabling a more efficient customer service (as waiting time is reduced) and gathering data about the customers' behaviour (Whisbi, 2015). Nathan and Gao (2016) concluded that human-machine interaction is essential in the lives of people and will possibly become the universal way of interaction with the environment, going beyond the current domain of mechanics and appealing to deeper sensations (such as odours and feelings).

In the convenience sector, an example can be observed in an American C-Store chain:

- **Wawa**: In 2012, this chain deployed digital signage to all its stores across the U.S. According to spokeswoman Lauren Sharp, the added value of this change was the fact that they could present more messages to their customers at a frequent rate and according to the occasion. Moreover, they could cut expenses on the cost of printing and shipping static signage. (Hall, 2012)

Digital engagement can be used with different objectives in mind, such as Inventory Displays, Product Advertising, Digital Storytelling, Promotions and 24/7 Shopping:

- **Coop Italia** (Inventory Displays example): "The Supermarket of the Future" was developed by Coop Italia, Italy's largest grocery chain. The 10,800-squarefoot shop holds about 6,000 products, which are all organized on interactive tables and shelves. When a customer grabs a specific product, relevant information such as nutritional value, presence of allergens, and waste disposal instructions are displayed on screens suspended above (functioning as "improved labels"). (Xie, 2016) *(non-convenience example)*
- **Float** (Product Advertising example): Float's Anything Interactive technology turns any product, display, shelving unit and/or screen into an interactive experience that communicates with shoppers based on their individual interactions and tracks their interactions across the path to purchase. Sensing user activity in specially defined zones

of space, Float assigns custom responses to individual shopper interactions with the use of a single sensor. When a shopper touches a product or label a response is triggered. This response can be content (custom content or curated social media content) delivered to digital signage, as well as light, sound or scent activations. (Dennis, 2015) *(non-convenience example)*

- **PERCH Interactive** (Digital Storytelling example): PERCH Interactive specializes in custom retail displays that are enhanced by a digital component. As an example, they developed a particular retail concept designed for skincare line. The mini display features a range of 5 products that stand in front of a digital screen. When picked up by a consumer, each product signals the screen's sensors, resulting in visual cues that describe its origins, ingredients and benefits. (Pijak, 2015) *(non-convenience example)*
- **Kroger, Co.** (Promotions example): Kroger, Co. the largest supermarket chain in the USA, is piloting a project that uses in-store sensors and analytics technology to provide product recommendations, custom pricing and other interactive elements through customers' mobile devices, letting shelves and products interact with shoppers walking the grocery aisles. The system, which detects individual shoppers through their mobile devices, can offer tailored pricing on specific items and highlight products on the customer's mobile shopping list through 4-inch colour display screens present in store. (Nash, 2017) *(non-convenience example)*
- **Kate Spade Saturday** (24/7 Shopping example): Kate Spade Saturday, an American design house, unveiled several digitally enhanced "window shops" in lower Manhattan, in association with eBay. The brand has rented out the plate glass fronts of several empty locations for one month and created walk up shoppable interactive windows. There, passersby can get a preview of merchandise from the new line. Next to the merchandise is a large touchscreen where users can browse the entire collection and get specific product information, such as sizes and colours. Then, they can place orders for free delivery anywhere in Manhattan, as well as parts of Brooklyn, within an hour. (Indvik, 2013) *(non-convenience example)*

3.3.4 | Retailtainment

To stand out and create worthy shopping experiences, more and more physical retailers (who face a lot of challenges these days) are embracing and emphasizing the concept of retailtainment – a merger of “retail” and “entertainment” – to complement their merchandise, to encourage shoppers to remain longer in stores and to satisfy their shopping instincts. Introduced by Ritzer (2010), this is a technique that implies the use of sound, ambience, emotion and activity of a store to get its clients interested and in the mood to buy. White (2010) adds that retailtainment is the concept of adding entertainment and experiences to the retail mix.

This is a relatively recent trend that has accelerated during the economic recession as retailers, shopping centres, the brands’ physical stores, malls and department centres (as well as many other retail formats) are trying to look for new ways to attract new customers (who are buying less and less products).

Moreover, it is now understood that one of the main problems with many stores is their lack of innovation. For example, in malls the original form of retail entertainment remains the same – clusters of shops, boutiques and department stores –, aiming to provide thrilling, exciting and delightful products. Although this format surprised big retailers at that time, it gradually lost its freshness and, years later, retail astonished traditional mall developers and retailers again with a newer format that aims at a central goal: to revive the sense of place and community it once had while becoming one of the ways for retailers to stimulate traffic from customers that are not into shopping – entertainment introduces a social element that provides shopping spaces a new status as a destination, giving people reasons to come and stay (Gonsior and Brown, 2016).

But this is not a new concept. In an article by Hoban (1997), Richard A. Feinberg (then director of Purdue University’s Retail Institute) states that “*When you take a look at the history of the mall, you find quite clearly that the early philosophy was that the mall was going to take the place of the farmers’ market, which was always an entertainment centre. But somewhere along the way, the malls became about merchandise and not fun anymore”.* However, he adds that malls are *“beginning to rediscover their roots. We see what I would call ‘back to the future’, where the people who develop and run malls are realizing they've lost their way and they have to become more of what they originally were – places where people go for community, for entertainment, for a place to spend time in a climate-controlled environment. And by the way, they can shop, too*."

Then, the big question is “What is experience?”, one of the main challenges for any retailer who wants to implement a retail entertainment strategy – it is a concept immensely subjective and diverse, meaning different things to different customers. In the same article by Hoban (1997), Michael P. McCarty (then senior vice president and director of market research for the Simon DeBartolo Group) declares that “*Every entertainment experience is different. It’s not simple enough to package for just any mall*”.

And retailers are not the only ones excited about this trend. Synchrony Financial’s 2017 Report on The Future of Retail says that 55% of their 1016 surveyed customers picked “*an in-store experience that entertains me*” as one of the top three most exciting ideas for the future of retail. In the same report, Ryan Mathews (Black Monk Consulting) states that “*The question then is, if you do not need to go to a place to get stuff, what do you need to go to a place for? And that’s kind of what we call higher engagement things: the experience, advice, consultation, fun. It’s moved beyond transactions into real relationships*” (Synchrony Financial, 2017: 4). Finally, Synchrony’s 2016 report on the affluent shopper shows that today’s consumer values experience higher than things – about 70% of shoppers consistently affirm they would rather spend money on experiences than on things and plan to spend more on experiences in the future, which is consistent across generations and income groups.

Several strong cases exist of retailtainment:

- **FamilyMart**, the Japanese convenience store franchise, in a partnership with Yoshimoto (a major Japanese entertainment conglomerate), received performances by professional stand-up comedians that clients could watch for free in the eat-in spaces of two convenience stores – one in Osaka and one in Shinjuku. (Osaki, 2015)
- **Walmart,** the American multinational retailing corporation, used product demonstrations, samples and headline making promotions and events (like meeting professional bull riders) to boost store traffic, sales and word-of-mouth. (Neff, 2016) *(non-convenience example)*
- Some retailers engaged in this new immersive trend. **John Lewis** offered customers what they titled “The Residence”, a shopping experience like no other: it not only allowed the consumer to peruse and purchase items from their in-store, fully furnished boutique apartment but to also stay overnight in it. **Topshop** created a “Stranger

Things" collection and promoted it by recreating interactive scenes from the hit show while **Misguided** installed in-store decor to appeal to the snapchat generation in an attempt to boost social media interactions and greater sense of involvement. (Raymond, 2018) *(non-convenience example)*

3.3.5 | Revolving Decors

Creativity, imagination and originality have been strongly present in the products sold by retailers. However, they have taken a broader meaning in recent times and became an essential organizational resource and competence, being linked with store environment, design and ambience – individualized experiences have been the focus and spaces for interactivity, socialization and communication are increasingly abundant (Kent, 2007). It is a given fact that customers want to enjoy their shopping experience and, with that in mind, retailers must adapt to consumer's always-changing minds and rely on innovative strategies linked with point of purchase displays and decorations (Johnson, 2016) and although it is important to maintain the consistency of the message, the tone/visuals/colours should be customized if one wants to engage even more customers.

Additionally, Business New Daily's Chad Brooks (2015) notes that customers prefer in-store to online shopping and enjoy the ones that promote more than just entering, buying and getting out while PwC's annual consumer survey shows that nearly 40% of customers make purchases inside a physical retail space at least once a week and only 27% do the same online (Fridman, 2016).

But how can this be executed and put in practice with the limited store space most retailers have? With more flexibility, which enables stores to adapt and change to meet commercial and social needs (Kent, 2007). PSFK (2010) reports that retailers are building their whole spaces maintaining change in mind (in order to keep stores fresh and relevant). They want displays and décor to be moveable and adaptable so that they can be swapped quickly and decoration to be malleable enough to be changed out. By doing that, the retail experience can be easily adapted and updated to keep up with prevailing trends and attitudes.

It can be made possible by:

- Creating decoration that stand on wheels
- Having modular furniture
- Acquiring a secondary store/annex that changes regularly
- Launching pop-up and rotating shops next to the main store
- Implementing specific rotating spaces (such as walls)

This implies that stores' interiors should be treated as always changing stage sets that provide the opportunity of highlighting details that enhance brand perception and allow brands to share their personality. Also, if a retailer does not have a flexible retail space, he can consider an adjunct space (such as a secondary store or pop-up store) to meet the same objective.

Retailers from different sector understood and applied this concept:

- **Kum & Go**'s prototype marketplace store has in-store elements that are constantly changing (such as the equipment, category focal points and aesthetic elements such as tiles and light fixtures). They understand the need of maintaining a minimum standard that aligns with the overall brand strategy and identity (such as the colour and appearance of gas-island canopies). (Rebholz, 2016)
- The **MS Café at the Muzeum Sztuki** in Lodz, Poland, uses mobile wooden pods to create flexibility within its retail space, while respecting the nature of the building. The wheeled boxes present an inimitable space within the museum that creates many opportunities for social gathering after exhibitions. (PSFK, 2010) *(non-convenience example)*
- The **Godiva** sensorial store in Hong Kong (referenced in the Store Mood Zones topic) has ever-changing elements that provide a new and fresh experience each time customers enter, providing a sequential experience as they move through the space. This aims to encourage the discovery of their new creations, shopping for occasions and dwelling in the space. (Dennis, 2018) *(non-convenience example)*

3.4 | Partnerships

Retailers usually work alone (and hard), trying to create an enjoyable store, to increase traffic (through many promotional formats) and to maintain long-term relationships with their clients, regularly forgetting that there are countless retailers/brands in a similar position to theirs and, obviously, potential agreements – namely partnerships – that can create abundant mutual benefits (Blackman, 2015).

Before defining what a partnership is, it is crucial to differentiate between partnerships and collaborations, two concepts that get recurrently mixed. Although there is no ultimate agreement in defining both of these terms, James (1999: 38) defined **partnership** as "*an on-going arrangement between two or more parties, based upon satisfying specifically identified, mutual needs*" (referencing Uhlik, 1995: 14) and a **collaboration** as "*a process through which parties who see different aspects of a problem can constructively explore their differences and search for solutions that go beyond their own limited vision of what is possible*" (referencing Gray, 1989: 5), while stating that a partnership has much more specific and identifiable needs (e.g. partnership to sponsor a special event) that are satisfied mutually, whereas in a collaboration none of the stakeholders has a full understanding of the issues that generate the alliance, hoping that this alliance brings benefits for both parts – it involves groups or individuals that see one problem through different lenses. This clarification is vital because once stakeholders understand the sensitivities of collaborations and partnerships, they can determine the best moment to enter an alliance and the appropriate time to readjust it.

James (1999) also studies the phases of both concepts, explaining that **collaborations** encompass three phases – the first is the problem setting (**1**), followed by the creation of rules and plans (**2**) and ending with the implementation of the agreement (**3**) – and **partnerships** involve five phases – the first is linked with instructing oneself (**1**), followed by the conduction of a needs evaluation and resources list (**2**), the identification of potential partners (**3**) and the development of a partnering offer (**4**), culminating with the preparation of a written document (**5**).

When analysing specifically the retail sector, it can be considered that **partnerships** have been a recurrent practice in certain areas, not only with (for example) the typical coffee shops inside grocery stores but with major brands operating their own stores inside other major stores (a growing trend of brands and retailers partnering with each other has been seen), resulting in gains for both sides of the agreement.

More recently, L.E.K Consulting (2015) specified that retail partnerships have evolved and widened to assume many forms:

- **Traditional Brand-Retail Partnership**: this partnership is set when a well-known brand sculpts a "store-in-a-store" space within a larger retail (such as cosmetics' labels inside department stores);
- **Retail-Retail Partnerships**: happens when one retailer sets up a shop/takes over exclusive control of a category inside another retailer's store;
- **Digital Partnerships**: a small brand leverages the traffic/systems/logistics infrastructure of a larger ecommerce player;
- **Loyalty Partnerships**: companies (e.g. non-competing retailers) engage in the sharing of incentives and data across loyalty programs;
- **Marketing Partnerships**: brands targeting the same demographic co-develop strategies, resulting in lower customer acquisition costs and better ROI (Return on Investment).

If well executed, partnerships deliver value to both parties by lowering costs, expanding markets, delivering more diverse customer data that can stimulate future growth, building customer loyalty and securing the customer's preference. Consequently, the sum ends up being greater than the parts: retailers ("brand hosts") facing troubles and feeling overwhelmed by bigger players can establish partnerships with popular brands and experienced providers in order to make better use of their space, stimulate foot traffic, improve customer experience and increase competitiveness and profitability in a specific category, while brands ("retail donors") can reduce their costs, attract new customers and gain retail expertise.

In today's quickly-moving retail environment, partnerships are more relevant than ever. Their success is based on some key elements, such as being in similar markets, entering the partnership with clear expectations, having adequate resources, showing flexibility with one another and re-evaluating their goals in order to make sure they match – one can never forget that partner satisfaction is dependent on the fulfilment of individual partners (James, 1999). The control and evaluation (mainly done in order to prevent drawbacks such as slippage, disagreement, disjuncture and inertia) can be enhanced by using frameworks and measurement tools that contribute to the relationship performance and outcomes, while applying and improving the theory and practice of partnership (Brinkerhoff, 2002).

Yet, partnerships are very delicate and should not be seen as a quick fix for what troubles a company's business. Their goals may end up differing and it is critical that both sides protect their strategic priorities, their identity, the robustness of their relationship and their strategic foundation.

Successful partnerships can be seen in many different sectors:

- **Capital One and Peet's Coffee** (Traditional Brand-Retail Partnership): the bank is opening a series of cafés in some of the U.S.A.'s largest cities that function as co-working spaces open to the public. Anyone, regardless of bank association, can grab a cup of coffee, relax on a couch, recharge their devices and, if they want, get coached through their money problems by professionals — for free. All of this with Peet's Coffee's beverages and local pastry in hand. (Sturdivant, 2017) *(non-convenience example)*

- **Eat 17, Spar and Rebel Rebel** (Retail-Retail Partnerships): Some retailers are engaging with businesses specializing in non-food categories. The co-founder of Eat 17, a group of restaurants and convenience stores in London and Kent, rented out space to a local florist, Rebel Rebel, in his Spar Hackney store in east London. (Eat17, 2018) *(non-convenience example)*

- **United Biscuits and Ocado** (Digital Partnerships**):** United Biscuits, the largest cookie/biscuit manufacturer in the U.K., has formed a mutually-beneficial partnership with Ocado, a grocery chain and e-grocer. One of the axes of this partnership is the offer of a gift with a purchase online. United Biscuits sends the gifts to Ocado and they list them online with the products being sold. It's set up as a multi-buy mechanism, so when shoppers buy a required number of products, they get to add a free gift to their basket, which completes the deal. It's all delivered as part of one order. (Anderson, 2015) *(non-convenience example)*

- **Plenti Reward's Program and its partners** (Loyalty Partnerships): Plenti was a reward's program that let American users earn points in one place and use them at another, all with a single card. It brought together stores and businesses to provide savings and convenience, without needing to keep track of different kinds of rewards programs. (Plenti, 2018) *(non-convenience example)*
- **Maverik and Hershey's** (Marketing Partnerships): America's Maverik convenience stores got in an agreement with Hershey's to be the first to get and introduce the new Reese's Peanut Butter Cup in their own way. The chain took a "coming soon" approach, building excitement via social media an email to customers, letting them know that it's coming before it hit stores and that Maverik is the place to get it. Moreover, the convenience store's chain worked directly with Hershey to develop a new take on a classic Reese's television ad. (Holtz, 2016)

3.5 | The Future

On what is concerned with the future of this industry and after this initial analysis, it is clear how retail is rapidly evolving in order to meet the needs of customers, particularly around foodservice and the way food gets ordered and picked up: its sales are increasingly becoming convenience store's most profitable category. King-Casey (a retail consulting and design firm) adds that, in 5 years, half of the sales from convenience stores will come from highly profitable foodservice offerings (particularly selections exclusive to a brand) (CSN, 2017) – therefore, it is important that convenience store chains continually grow in foodservice because quick-service restaurants are starting to target convenience stores' audience and more developed convenience stores are already "upping their game" by providing newer options.

Online ordering through mobile apps, drive-through, delivery, layout and seating areas, to name a few, are examples of what needs to become the rule rather than the exception. According to Heide Chapnick, founder and CEO of Channalysis and retail consultant at FreshXperts, "Online and mobile ordering has become popular because of the convenience of it. I want to sit on the beach, order a coffee and go pick it up without waiting on line. I want to know what is on the menu before I go to a store. People are mobile today, and they are taking their mobile phones with them." (Mastroberte, 2017). Supporting this is the fact that King-Casey also predicts that more than half of convenience stores' brands will offer digital ordering, delivery options and drive-thru, while attracting female customers will grow the business by double digits (CSN, 2017). However, convenience retailing continues to have some major flaws, such as the premium prices practiced (and perceived, which drive customers away), low margins, inefficient distribution and over-reliance on unhealthy products (e.g. cigarettes).

Moreover, and according to a research report from the Australian Centre for Retail Studies, the following are keys for success in the industry:

- **Collaboration**: Suppliers and retailers need greater horizontal and vertical collaboration across the convenience retailing industry to compete with the economies of scale and supply chain power of the major grocery chains;
- **Innovation**: A number of convenience retailing innovations can be seen globally in a number of areas, such as new product offers and store design;
- **Differentiation**: Differentiation within convenience retailing is key and can be applied to the overall proposition, product offering, store design and technologies. Convenience retailers need to develop and market a clear reason why shoppers should visit their stores.

Successful executions of innovative and futuristic concepts can be seen through many different examples:

- **Wheelys**: A prototype of a new 24-hour convenience store with no staff and no registers was launched in Shanghai. The whole store is on wheels, designed to eventually drive itself to a warehouse to restock or to a customer to make a delivery. (Peters, 2017)
- **Walmart**: This American chain is opening a new kind of gas stations that offers more than just coffee, snacks and fuel. The new concept, called Walmart Pickup and Fuel, enables same-day pickup for groceries ordered online. (Peterson, 2016)
- **Caltex**: Fuel Company Clatex launched a new concept in Australia – the Foodary. With a focus on customer experience, its offerings are digitally-enabled, providing a convenient and seamless experience. Beside on-the-go or in-store food options and services such as laundry cleaning and parcel pickup, Caltex developed an app that

allows customers to pay for the fuel using their mobile device without going in-store and to pre-order food for quick collection at the counter. (Hagemann, 2017)

- **Shinsegae Group**: The new Korean convenience store called "With me" presents a variety of features themed after classical music. Besides being shaped like the art centre's music hall, it has music listening stations and features pictures of famous classical music artists and displays of their albums. (Lee, 2017)

Truth is, according to Australasian Association of Convenience Store (AACS) CEO Jeff Rogut, there is no way of previewing what the convenience stores of the future may look like but nothing is really out of scope: "So long as the convenience industry's commitment to innovate continues, the landscape may change even more drastically over the next decade. Our challenge is to maintain our value proposition amid ever changing technology and emerging consumer generations. This means adapting to change, attracting new customers and re-framing threats, such as increased government regulation, into opportunities to introduce new products and services." (Longo, 2017).

Given the previously presented facts, convenience stores' current proposition (namely Galp's) is not sustainable for future growth and demands urgent change – that's exactly the purpose for the following chapters of this project: to think of new ideas that can generate real concepts and, later on, be implemented by Galp.

To summarize this chapter, the examples (per Trend and Sector) are presented below (table 2).

Table 2: Examples of the trends under analysis (in several sectors)

Trends under analysis	***Convenience Store Sector***	***Other Sectors***
Hybrid Stores	Herbst Market by Terrible Herbst Oil Co. American Natural	Lush
Store Mood Zones	Family Mart Inageya	Godiva
Interactive Screens	Wawa	Coop Italia Float Perch Interactive

		Kroger Co. Kate Spade Saturday
Retailtainment	Family Mart Walmart	John Lewis Topshop Misguided
Revolving Decors	Kum & Go	MS Café at Muzeum Sztuki Godiva
Partnerships	Maverik and Hershey’s	Capital One and Peet’s Coffee Eat 17, SPAR and Rebel Rebel United Biscuits and Ocado Plenti Reward’s Program

4 | Proposal of New Concepts

The following chapter focuses on the concepts chosen and tested by the author (out of the formulated in the beginning of the project).

It is important to notice that, initially, a benchmark analysis was conducted, which helped the author in the task of bringing together the most relevant trends linked with Convenience Stores (as well as innovations on this sector around the globe). After sorting out and looking closely at each of these trends, several activities/initiatives/ideas were discussed and put together. In addition to the deep literature review presented in Chapter 3, this enabled the creation of 48 initial ideas, grouped into **In-Store**, **Out-of-Store** or **both**. Inside each group, the ideas were initially divided by:

- **Partnerships** (requiring a partner’s know-how, such as food commercialization);
- **Technology** (innovations that require software/hardware and are linked with new technological trends);
- **Others** (ideas that can be developed individually by galp without needing any further knowledge).

And each idea was evaluated by

- **Business Impact** (red for low impact for the results, green for high impact);
- **Easiness of Implementation** (red for difficult implementation, green for easy implementation).
- **Disruptiveness** (incremental over something already existent or disruptive);

However, after further discussion and analysis with Galp, the ideas were reanalysed, reduced and regrouped into 9 main categories/concepts.

4.1 | The Concepts

The 9 main concepts can be easily connected with the studied trends (table 3).

Table 3: Proposed concepts (and connection with the studied trends)

Trend	Proposed Concepts
Revolving Decors	New Assortment Management
Hybrid Store	Store-in-Store
Partnerships Store Mood Zones	Partnerships for Meal & Coffee
Retailtainment	Kids' Zone
Partnerships Hybrid Stores Retailtainment	Diverse Services/Partnerships
Retailtainment	Virtual Reality
Partnerships	Parcels' Pick-Up Point
-	Pedestrian Access Improvement & Signalling
Interactive Screens	Digital & App

A brief explanation of each concept (and its connection with the several trends) is provided in the next sub topics for further clarification.

4.1.1 | New Assortment Management

Given the growth of fresh food consumption over the past few years (especially among millennials), a change in the store food assortment is proposed. This concept, namely through the proposed Corners and Revolving Shelves and given the necessary dynamism and flexibility to change the offerings in a very consistent and constant manner, is a way of developing the Revolving Decors trend:

Food: Addition of a whole new healthy food assortment (including fresh or dry fruit, vegetables, fresh salads, smoothies, dry fruits and other healthy snacks) in order to overcome the risk of losing the millennial target and health-focused buyers to alternative channels;

Beverages: Offering of variety of fresh beverages with different flavours, to drink in-store or to grab-and-go (juices, coffees, smoothies and milkshakes);

Take-Away Food: Commercialization of pre-made and/or ready to heat food (similarly to what happens in super and hypermarkets) for customers to pick up and eat at home or in the store, conveniently. By doing this, customers can refuel their cars and simultaneously buy a delicious and quick meal (as an example, those meals could consist of tasty pizzas, daily soups, beef croquettes, salty treats, typical Portuguese pastry and meat pie);

Vending Machine: Placement of a vending machine in Galp's stores with a variety of products (that could range from healthy to baby food and to other products of urgent need), aiming to serve customers when the main convenience store closes and there is no service available. This machine should be facing the exterior of the store and work 24/7;

Corners: Offering of specific, ethnic, cultural and/or cultural-related products (such as decoration items, gifts, spices and food) in a specific and always-changing corner inside the store, designed to accommodate themed initiatives and increase the dynamism and innovation of Galp. This corner can also promote other initiatives (namely with health professionals or nurses to do check-ups) that are relevant for customers at the moment;

Revolving Shelves: Placement of several products related to a specific theme in dynamic and revolving shelves which should change every month or season (e.g. celebrating national holidays, festivities and local traditions);

Pet Zone: Implementation of a specific section inside the store with diverse accessories for dogs and cats – such as chewing toys – and tasty treats (ideal for long trips).

4.1.2 | Store-in-Store

Hybrid Stores are based on the creation of stores with different and multiple business areas, providing the differentiation needed to keep the store relevant and appealing as time goes by. The inclusion of healthy offers inside the store is a clear way of adapting and developing this trend in the convenience sector:

Salad Station: Station for customers to select the ingredients to create their salads and healthy meals quickly and easily:

Sandwiches Station: Similar to the previous idea, but focused on sandwiches;

Frozen Yogurt Station: Creation of a new station with a wide variety of dressings and toppings (such as fruits, cookies, caramel and so on). It has the aim of creating impulsive purchases.

4.1.3 | Partnerships for Meal & Coffee Area

The implementation of Store Mood Zones, with the aim of enhancing consumer's experience and attracting attention at the same time, can be achieved through improvements or changes in the store's physical environment, namely by introducing spaces inside their stores where other brands (in this case, coffee and pasty brands) known for their cosy elements, welcoming environment and familiar feeling can be located.

In this case, the idea is the **establishment of partnerships with well-known brands on the Portuguese market.** For instance, Padaria Portuguesa, Confeitaria Lisboa or BAGGA could be good options and traffic builders for breakfast, snacks, coffee breaks and even lunch and Starbucks or Costa Coffee could be great attractors for the coffee offer given their notoriety and popularity.

4.1.4 | Kids' Zone

Physical retailers are embracing Retailtainment – the merger of "retail" and "entertainment" – to encourage shoppers to remain longer in stores namely through the use of emotions and activities to get its clients interested.

This addition of experiences to the retail mix can be achieved through the **creation of a zone in the stores with stationery items and toys with the aim of attracting kids**, big influencers for parents. On the other hand, parents would be able to relax, take a sit, enjoy the store improvements and grab something to eat while letting their kids play.

4.1.5 | Diverse Services/Partnerships

The inclusion of a diversity of services and partnerships in the offering of Galp is an adaptation of Galp to a number of trends: Partnerships, Hybrid Stores and Retailtainment:

Laundry: Implementation of automatic laundry machines in more stores for people to wash and dry their clothes while hanging by the convenience store and using other services;

Stationery Items & Printing Zone: Offering of a wider range of stationery items (e.g. paper, scissors, pens …) in the convenience store;

Equivalenza Partnership: Partnership with the Portuguese brand Equivalenza, which started developing a range of air ambience products including, among others, lines of air-fresheners for the house and for the car;

Ticket Selling Area: Implementation of a new selling point of tickets for events (e.g. concerts, theatre and festivals) inside Galp's stores;

Self-Service Printing Stations: Creation of self-service printing spots that can give a new "axis" of convenience to Galp by making their convenience stores function as places for urgent printing (while increasing clients' autonomy and avoiding an increase in the worker's amount of tasks);

Shredding Machine: Implementation of a machine for an efficient disposal of (for example) tax forms, financial records and confidential documents;

Phone Charging Station & Wi-Fi: Creation of a safe charging spot inside the convenience store. It could attract customers on the road who are in urgent need of battery, giving them a reason to enter and stay inside the store while waiting for the phones to charge;

Promotional Stands & Actions: Accommodation of stands from brands that want to showcase their products in the free space available in some Galp's stores across the country.

4.1.6 | Virtual Reality

Once again, the Retailtainment trend is present in this concept:

Showcasing of new offers/products/services in Galp's stores through Virtual and Augmented reality, allowing customers (for example) to test drive new car models, visit available houses and preview their next dream destination with nothing but the VR equipment. This can be applied to many industries – automobile, real estate and tourism, to name a few.

4.1.7 | Parcels' Pick-Up Point

Partnership between Galp and mail forwarders (such as DHL, Chronopost, UPS, GLS and MRW) to accommodate their parcels, turning the stations into a pick-up point (ideally autonomous, functioning as the Amazon's Lockers system).

4.1.8 | Pedestrian Access Improvement & Signalling

Improvement or creation of dedicated access areas. In a large number of Galp's convenience stores, customers must go across the car area or use uncomfortable and (often) dangerous passageways to access the store. This could be done using different materials or signs indicating the safest and quickest route to the store, which could also contain relevant information about what customers can find in the gas station (such as a baby nursery and an ATM).

4.1.9 | Digital & App

The Interactive Screens trend, through the mixture of technology-enabled experiences and physical stores, enables brands to create innovative, interactive displays and a much higher engagement that can be applied in-store and out-of-store:

Storytelling & Tutorial's Interactive Screens: Introduction of interactive screens aimed at customers waiting in line to pay with the objective of showcasing more information about the brand (such as the statement, mission and value), as well as explanations and further information about products for sale in-store, promotions and tips for car maintenance;

App Improvement: Improvement of the current Galp app in order to increase the available options and to give customers the chance to access a personal hub and perform a number of useful actions (such as see past purchases and access discounts);

Payment with Smartphone: Implementation of a new and easier payment method. By associating a bank account with the app, customers could easily pay using their mobile phones (through the popular cashless payment).

4.2 | Validation of the Concepts

Before testing the concepts in the market and with our target, it was important to validate with the company the impact it would bring to the business, the easiness of implementation and the disruptiveness (table 4).

Table 4: Chosen ideas' categorization and evaluation

Idea	Business Impact	Easiness of Implementation	Disruptiveness
1. New Assortment Management			
A) Food	High	Easy	Incremental
B) Beverages	High	Medium	Disruptive
C) Take-Away Food	Medium	Easy	Incremental
D) Vending Machine	High	Medium	Incremental
E) Corners	High	Hard	Disruptive
F) Revolving Shelves	Medium	Easy	Disruptive
G) Pet Zone	Medium	Medium	Disruptive
2. Store-In-Store			
A) Salad Station	High	Easy	Disruptive
B) Sandwiches Station	High	Easy	Disruptive
C) Frozen Yogurt Station	High	Easy	Disruptive
3. Partnerships for Meal and Coffee Area			
A) Padaria Portuguesa	High	Medium	Disruptive
B) Confeitaria Lisboa	High	Medium	Disruptive
C) BAGGA	High	Medium	Disruptive
D) Starbucks	High	Medium	Disruptive
E) Costa Coffee	High	Medium	Disruptive
4. Kids' Zone	High	Easy	Disruptive
5. Diverse Services/Partnerships:			
A) Laundry	Medium	Medium	Disruptive
B) Stationery Items & Printing Zone	Medium	Medium	Disruptive
C) Equivalenza Partnership	Medium	Medium	Disruptive
D) Ticket Selling Area	High	Easy	Disruptive
E) Self-Service Printing Stations	High	Easy	Disruptive
F) Shredding Machine	High	Easy	Disruptive
G) Phone Charging Station & Wi-Fi	Low	Easy	Disruptive
H) Promotional Stands & Actions	High	Easy	Incremental
6. Virtual Reality			
A) Test Drives	Medium	Easy	Disruptive
B) Real Estate Visits	Medium	Easy	Disruptive
C) Vacations Preview	Medium	Easy	Disruptive
7. Parcels' Pick-Up Point	Medium	Hard	Disruptive
8. Pedestrian Access Improvement & Signalling	High	Easy	Incremental
9. Digital & App			
A) Storytelling & Tutorial's Interactive Screens	Medium	Easy	Disruptive
B) App Improvement	High	Medium	Incremental
C) Payment with Smartphone	Low	Medium	Disruptive

(This evaluation was done with and validated by Galp and Marketing Future Cast Lab).

4.3 | Research Questions

Having validated the several concepts with the company under study and before emerging into the empirical research, it was necessary to set research questions (which the author expects to answer in the end of this thesis) (table 5).

Table 5: Research Questions to test in the empirical study

Concept	Research Questions (RQ)
1. New Assortment Management	**RQ1:** Adding new, healthy food assortment will overcome the risk of losing healthy-focused buyers to alternative channels and increase food consumption in the convenience store. **RQ2:** Offering a variety of fresh beverages to drink in or out-of-store will increase the appeal of the convenience store. **RQ3:** Offering take-away food will increase the interest of consuming more products from the convenience store. **RQ4:** Placing vending machines with a variety of product and available 24/7 will increase the purchase of food products in the convenience store. **RQ5:** Placing corners/revolving shelves will increase curiosity and drive more potential customers to the convenience store. **RQ6:** Implementing a pet section will drive more pet owners to the convenience store.
2. Store-in-Store	**RQ7:** Offering fresh, healthier food (providing customization) will attract more potential customers into choosing the convenience store as a place to eat.
3. Partnerships for Meal and Coffee Area	**RQ8:** Establishing partnerships with well-known brands on the market will increase the notoriety and popularity of the convenience store, demystifying the idea that gas stations are only to refuel the vehicles.
4. Kids' Zone	**RQ9:** Creating a zone with attractions for kids will drive more parents and their children to the convenience store (and for a longer period of time).
5. Diverse Services/Partnerships	**RQ10:** Implementing automatic laundry machines will drive new, potential customers to the convenience store. **RQ11:** Offering a wider range of stationery items will drive new, potential customers to the convenience store. **RQ12:** Partnering with Portuguese brand Equivalenza will drive new, potential customers to the convenience store. **RQ13:** Implementing a new selling point of tickets for events will drive new, potential customers to the convenience store **RQ14:** Creating a self-service printing spot will drive new, potential customers to the convenience store **RQ15:** Implementing a shredding machine for efficient disposal of documents will drive new, potential customers to the convenience store. **RQ16:** Creating a safe charging spot for cellphones will drive new, potential customers to the convenience store. **RQ17:** Accommodating stands for other brands to showcase their products will drive new, potential customers to the convenience store.

6. Virtual Reality	**RQ18:** Showcasing different products/services (even from other brands) through virtual reality in the store will increase the interest of potential customers
7. Parcels' Pick-Up Point	**RQ19:** Implementing a mail pick-up point inside the store where customers can easily and conveniently pick up their orders will increase store influx and customer's convenience.
8. Pedestrian Access Improvement & Signalling	**RQ20:** Improving access areas for pedestrians will increase customer's sense of security and, therefore, their visits to the store.
9. Digital & App	**RQ21:** Implementing technology-enabled experiences through interactive screens will increase engagement while providing customers with new information (namely about products inside the store). **RQ22:** Improving or implementing a digital app will increase customers interactivity with the store and provide new ways to shop. **RQ23:** Implementing new payment methods (namely with smartphones) will ease out the process of payment, therefore increasing store's attractiveness.

5 | Methodology

Following the internal analysis of Galp, the literature review and the concepts presentation and explanation, the current chapter will outline the choices regarding the research methods of this project, which is meant to provide more detailed conclusions about this thesis main objective and purpose: which trends of convenience stores can be applied in the Portuguese sector? This will, in turn, help to comprehend the connection between the implementation of new trends and the changes in the behaviour of customers and to give advice on which trends are more viable to be implemented.

Bajpai (2011) defined business research methods as "…*a systematic ad scientific procedure of data collection, compilation, analysis, interpretation and implication pertaining to any business problem*", while Herbst and Coldwell (2004) added that these methods can be (broadly) divided into two categories:

- **Quantitative Research**: describes, deduces and resolves problems using numerical data;
- **Qualitative Research**: based on words, feelings, emotions, sounds and other non-numerical/unquantifiable elements (it cannot be analysed by means of mathematical procedures).

Within these methods, there were different types of techniques that could be used in this project, such as individual or group interviews (with visual stimulation); virtual reality or 3D video testing with multimedia scenario and in-store testing. However, the research methodology chosen will depend on the goal intended to accomplish with the research project (Shields and Rangarajan, 2013).

Given the major purpose, resource constraints and exploratory character of this project (to understand consumer's insights on convenience stores, the attractiveness of implementing new concepts and the influence of new store concepts on customers), a qualitative method (focus group study) was chosen and conducted – namely because most of the trends under analysis are new (lacking relevant and available information) and require guidance, explanation and visual stimulation. To complement it, a quantitative approach was also taken, in which a small questionnaire was conducted during the focus group to get some quantitative information.

5.1 | Focus Groups

According to Malhotra *et al*. (2012), Focus Groups consist of "*a discussion conducted by a trained moderator in a non-structured and natural manner with a small group of participants*" (in this case, in guided and open discussions about new concepts in convenience stores). Questions are posed by a moderator and participants are free to talk and exchange opinions with other group members. During this process, the researcher takes notes from the vital feedback obtained from the group. One of the main advantages of this method is the ability to get deep qualitative data about the perceptions, experiences, ideas and attitudes of each individual (Marrelli, 2008). Moreover, the focus group can lead to new ideas, unseen perspectives and insightful suggestions, allowing participants to explain the motives behind their reactions to a presented idea (Barnett, 2002).

The partner company (Galp) agreed with the selected methodology and the empirical part was co-developed with Raquel Sousa, a student from MSc in Marketing from ISCTE Business School who is also writing the Master Thesis project about New Trends in Convenience Stores.

The session occurred in ISCTE-IUL with 10 Portuguese customers aged between 21 and 62 years old (at the time of the focus group) with a driver's license and who had been at least once in a convenience store in the last year. It was conducted by Professor Doctor Pedro Dionísio and the main goal of this focus group was to get the participants' opinions about the generated concepts through visual (images and videos) stimuli and posterior open questions and discussions, which stimulated the exchange of opinions among participants. A script (Annex 1) was used during the 2h long focus group, which was recorded with the knowledge of the participants, and their answers were also written by the observers. This allowed a posterior analysis of the material obtained from this focus group and better results/conclusions overall.

5.2 | Questionnaires

Questionnaires or surveys are methods used to collect standardized data from large number of people (Ackroyd and Hughes, 1981). They consist on asking the same set of questions in the same order and in the same way to different people (so that information can be gathered consistently and to give researchers the tools to generalize). Moreover, this method can be used to compare and contrast with other research tools.

At the same time as the focus group was being conducted, participants were asked to fill a small questionnaire with the evaluation (from 1 to 5) of the topics discussed (Annex 2). Although these questionnaires do not have statistic validity, they help to support the analysis of the Focus Groups

6 | Analysis

The subsequent analysis will focus, mutually, on the focus group and on the questionnaire.

A description and examination of the sample will be made, followed by an analysis on the general information collected by the moderator concerning convenience stores (such as shopping habits) and on the insights about the concepts mentioned before – new assortment, corners/store-in-store, partnerships for meal and coffee area, kids' zone, diverse services/partnerships, virtual reality, parcels' pick up point, pedestrian access improvement & signalling and, finally, digital & app.

The ultimate goal is to understand the trends which customers would like to see implemented inside a convenience store while providing suggestions and further advices for greater success.

6.1 | Sample Analysis

10 participants were chosen to be part of the focus group, 6 male and 4 female, with an average age of 29,2 (29) years and a valid driver's license. Plus, they had to have been at least once in a convenience store in the past year. Below (table 6), you will be able to see their ages and careers. For anonymity purposes, each of them will be given a letter (to identify them further on).

Table 6: Participants of the focus group

Participant	Age	Gender	Career	Notes
A	23	Male	Assistant Brand Manager	-
B	25	Male	Management Student	-
C	62	Male	Driver	-
D	30	Male	Sales Representative	-
E	22	Male	Teaching Assistant	-
F	22	Female	Design Student	-
G	21	Male	Architecture Student	-
H	43	Female	Marketing Teacher	-
I	22	Female	Finance Student	-
J	22	Female	Human Resources Student	Gluten intolerant

All of them visited convenience stores at least once in the last year, and it was more common for them to visit them in a metropolitan or urban area.

6.2 | Introductory Questions

- **Do you normally shop at places other than typical hyper and supermarkets? If the answer is yes, in which places?**

The discussion was initiated by asking the group if they normally shop at places other than the typical hyper and supermarkets and, if they do, in which ones. Participant D started by stating that he only goes to smaller/local markets (e.g. minimarket near home) in specific cases where he needs one or two urgent items. Participants A and H had similar opinions, adding that they also shop in traditional street markets and squares when they want to buy fresh fish, fruit and meat, which they state as an advantage. On the other hand, other participants (B, C, E, F, I and J) said that, by living near well-known chains of supermarkets (e.g. Pingo Doce by Jerónimo Martins and Continente by Sonae), they go there in any given occasion because of the comfort and accessibility it provides. Participant G lives with his parents, so he mainly goes shopping with them in big supermarkets although smaller purchases (e.g. bread, fruit) are made in smaller markets near home.

- **Do you eat home most of the time or do you usually go out?**

The next question was connected with meals: do participants eat home most of the time or do they usually go out? Participant A broke it down in percentages: 70% inside, 30% outside and, when outside, it is usually on the weekends because it is easier to have availability to eat with friends and to stay out during a longer period of time. Participant H, due to her profession, normally eats out during lunch in her university's restaurant and, during the weekends, she goes to fast food places with her kids (to McDonald's or any pizza place) or to afternoon snack bars to have some food with her friends. On the other hand, participants E and F have the habit of bringing food previously cooked from home and, if they dine out, they do it during the weekend. Participant D is conscious about his body and due to his strict diet always carries around food to eat every three hours, adding that he likes to dine out 2 or 3 times per week. Finally, due to his profession (driver), participant C works from 16h (4pm) until 4h (4am) – therefore, he usually eats lunch at home but dines outside, in different restaurants/fast-food chains.

- **What do you enjoy the most and the least about convenience stores?**

The theme of the convenience stores was then explained by the moderator (as being associated with stores close to gas stations – such as Tangerina from Galp and Pingo Doce & Go from BP) and participants were asked to explain what they enjoy the most and the least about convenience stores, in general. Participant F said that she does not like the fact that there are few paying spots in most convenience stores and that she spends a lot of time in line since the workers are normally multitasking (e.g. making sandwiches, preparing coffees and accepting payments). She also said that she enjoys the gas stations where the workers fill the tank without her having to get out of the car. Participant D, on the other hand, talked about the comfort of being able to pay for cigarettes and tobacco with his debit card (since in Portugal customers generally are not able to pay for purchases below 5€ with card) as a positive point and the high prices practiced by gas stations' convenience stores as a negative point. While participant H agreed with both these affirmations, she also added that she is so sensitive towards how workers treat customers that she chooses the gas stations and convenience stores accordingly to the perceived service and not the price of fuel – she thoroughly enjoys stores where the customer assistance is highly personalized and qualified. Participant C raised the possibility of filling a lottery/euromillions/placard sheet while drinking coffee as a good combination available at convenience stores, but said that the long waiting times, the low reliability of the systems (Galp's system is, very often, down) and the low number of workers as very bad points. Participant A said that he likes the organization of convenience stores – customers get to see all the products in a very organized and clear way – but he does not like the fact that most convenience store workers lack any knowledge about the products being sold, contrary to some super or hypermarkets where customers can get additional information easily. Finally, participant G contrasted most of the previous ideas by saying that he does not care about the kindness and quality of the service since he uses the convenience store exclusively to pay in 1 or 2 minutes. Other important topics raised during the discussion was the fact that customers enjoy feeling recognized in their usual gas stations (for example, they enjoy when they are given permission to put gas before paying, which is unusual and a sign of trust).

- **How frequently do you visit convenience stores?**

The next question was related to the frequency of visits to the stores. Participant E stated that he favours gas stations with automatic payment in the gas pump and, therefore, he does not go to the actual convenience store very often. This behaviour was shared by participants B and I. However, participant H stated that one of the gas stations where she frequently goes to has a little coffee/bar where many motorcyclists stop and spend a lot of time. Participant C goes mainly on days when Euromillions is played (to fill the sheets) and participant F stated that she goes on a regular basis because sometimes she wants to grab some coffee and, there, she can pay with her card (once again, because of the ability to pay any amount by card). Half of the participants (C, D, F, H and J) stated that they go there frequently (more than twice a week) and the other half (A, B, E, G and I) stated that they go there very rarely – only to fill their tanks. One extra point raised during this topic was the fact that gas stations and convenience stores near schools could benefit a lot with improvements because students go there very often to get lunch and some quick pastries between classes.

- **From those of you who go frequently to gas stations and convenience stores, which brands do you prefer?**

Finally, the moderator ended this first section by asking those who go frequently to gas stations and convenience stores to name the brands they preferred and why. Galp was named six times, BP was named three and Jumbo, Prio and Cepsa were named once. When asked about the criteria when choosing between convenience stores, participants brought up proximity and convenience (participant H), service quality, attention and business requirements (because of the "*Frota*" cards) (participant D), variety of choices (participant C), organization and friendliness of the space (participant F) and discounts (participant G).

6.3 | Concepts Evaluation

After doing a contextualization on the convenience stores, the moderator moved into a new section where all concepts were explained and discussed, and insights were gathered. In the following section (6.4), a quantitative analysis on the questionnaire results will also be made.

6.3.1 | New Assortment Management

This main concept, as previously stated, is divided in Food, Beverages, Take-Away, Vending Machines, Corners, Revolving Shelves and Pet Zones (table 7).

Participant D had the opinion that **food** is a great attractor to the store, and that if he is out of home and wants to eat something fast and healthy, he will choose McDonald's or some fast food chain and walk a long distance to go there to eat something light (e.g. salads). He affirms that if those options were available in a convenience store closer to where he usually works out and lives, he would be a guaranteed customer.

On the **beverages** side, participant C argued that he did not care about healthier food but that he would greatly enjoy the new proposed beverages – in both criteria, it was rated very similarly.

Moving to the inclusion of **take-away meals**, the opinions were even better, with participant I wishing that in highways and long trips there was something tasty, quick and fresh ready to go instead of going to the fast food restaurants that generally exist. Participant J added that by being gluten intolerant she does not have any option in the middle of the pre-made offering and that it would be nice to have diverse meals that she could grab with her friends.

Inside the new assortment management, **vending machines** were one of the concepts received with more excitement. Opinions ranged from the perspective of participant C, who would enjoy some food in vending machines during his late working hours, to the perspective of participants B, F and G who enjoy the idea of not having to go inside the store, stay in line or bother the staff when the store is already closed. Participant E added that he would like to see school supplies (like pens and erasers) in this machine, due to the fact that he has to buy new ones frequently and he does not like to wait in line or drive/walk long distances to do it. The options of including food stands during the night (e.g. hot dogs, burgers, and shawarmas) were also included, since there are not many options available after the common closing hours (midnight).

The **corners** received mixed acceptance from the participants, with participant C claiming that he is very supportive of those areas, in particular because he was born outside Portugal and would like to buy some ethnic food from his home country without having to drive long distances to find it.

The **revolving shelves** received the same score as the corners, and no comments were made on this concept.

Finally, the **pet zone** was not well received at all. Besides the fact that most participants did not have pets, those who had added some interesting remarks: participant H said that she usually buys her pets' food in big supermarkets and in big quantities, taking advantage of the promotions and sales available nowadays.

Table 7: Conclusion of the New Assortment Management Idea

New Assortment Management	
Food	Huge attractor, acting as a replacement for other restaurants. Gluten-free and similar niches are a source of opportunity.
Beverages	
Take-Away Meals	
Vending Machines	Highly praised due to 24/7 service and long queues avoidance.
Corners	Mixed reviews, with few participants actually showing enthusiasm about the concepts.
Revolving Shelves	
Pet Zones	Not well received at all, with participants showing concerns about the lack of promotional activity when compared to super or hypermarkets.

6.3.2 | Store-in-Store

This concept is divided in a Sandwiches Station, Frozen Yogurt Station and a Salad Station (table 8).

The **Sandwiches Station** was the most valued concept out of the three. Participant C said that this would be very appealing to him because he does not like several ingredients present in many pre-made options (e.g. tomato and lettuce) and thinks that personalized and freshly made sandwiches are a much better option overall.

With a very similar evaluation is the **Frozen Yogurt Station**. Participant A stated that this concept has a very practical component and is specially fun and appealing during summer, motivating him to consume. Participant E was aware that this concept exists almost exclusively in shopping malls and that if they were available in a convenience store he would buy them more regularly. Finally, participant F said that although she is not a huge fan of ice cream she acknowledges that it is a great solution for families on the road by being a better and healthier option for kids than the usual packaged ice creams available in the stores.

The worst received concept out of the three was the **salad station**. Some participants shared the opinion of participants C (who said that he is not a big fan of salads) and J (who stated that, for her, salads are a complement and not a complete meal, quickly making her hungry again). However, on a brighter note, Participant B said that if the salads were linked with a well-known and praised brand (e.g. Vitaminas), he would definitely think about going there and participant H stated that, for her, it makes a lot of sense – she takes care of her health, and each time she has to go to a shopping centre, she prefers restaurants with healthier options. She stated that this idea is way better than the pre-made options already available in convenience stores.

Table 8: Conclusion of the Store-in-Store Idea

Store-in-Store	
Sandwiches Station	Customers prefer personalized and fresh options. New options are exciting and fun, innovating the store. Ideal for gas stations in highways (*Longo Curso*).
Frozen Yogurt Station	
Salad Station	Salads are seen as a complement and not a full meal. However, if linked with well known brands, customers would be more interested. Interesting for health-oriented consumers.

6.3.3 | Partnerships for Meal & Coffee Area

5 different brands were purposed for this partnership: ***Padaria Portuguesa***, ***Confeitaria Lisboa***, **BAGGA**, **Starbucks** and **Costa Coffee** (table 9).

Starting with the worst rated, Confeitaria Lisboa and BAGGA were not well received and participants did not have anything to comment about them – many did not even recognize one (or both!) of these names.

Costa Coffee received mixed reviews: participant E said that, having lived abroad and having a Costa Coffee on every corner, he would enjoy having one in Lisbon since they only exist outside of the capital.

Finally, Starbucks and *Padaria Portuguesa* were the clear choices of the participants – B stated that, by living in Leiria and not having a *Padaria Portuguesa* near his home, he would start visiting the convenience stores much more frequently and participant F stated a similar opinion. Moreover, Participant C praised their breakfast menu, which has a huge value for money.

Moving onto Starbucks, participant J disapproved this concept, stating that Starbucks is related to relaxed moments in a pleasant space – something she does not link with a gas station but participant H had the opposite opinion: for her, a partnership between Starbucks and Galp could bring a new vision for convenience stores – it does not have to be a place to enter, buy/pay and leave immediately. It can be transformed into a place to enter, stay, relax and enjoy, adding the whole concept of Starbucks to a convenience store.

Table 9: Conclusion of the Partnerships for Meal & Coffee Area Idea

<table>
<tr><th colspan="2">Partnerships for Meal & Coffee Area</th></tr>
<tr><td>Padaria Portuguesa</td><td rowspan="2">Padaria Portuguesa brings quality products at accessible prices and high notoriety (value for money) while Starbucks brings an aspirational aspect and a reason to stay and enjoy the convenience store.</td></tr>
<tr><td>Starbucks</td></tr>
<tr><td>Costa Coffee</td><td>Received mixed reviews, mainly because of a generalized lack of knowledge of the brand.</td></tr>
<tr><td>Confeitaria Lisboa</td><td rowspan="2">Not well received at all, and a generalized lack of knowledge of the two brands.</td></tr>
<tr><td>BAGGA</td></tr>
</table>

6.3.4 | Kids' Zone

This zone was poorly received, with participants finding it useless (table 10). Although most participants did not have children, the parents present in the focus group (Participants C and H) commented that they have concerns with security and cleanliness, preferring to let their kids go to specific places for playing purposes (such as KidZania) and that they do not enjoy the noise generally created by those kid zones in restaurants, for example.

Some other participants (B, E and F) also added that they actually agree with those zones – for example, in long family trips when parents want to eat something and kids want to stretch a little bit – and that as long as it is a controlled and safe area, it makes sense to combine them with some of the previous concepts (e.g. Coffee and Meal Partnership).

Table 10: Conclusion of the Kids' Zone Idea

Kids' Zone	
	Poorly received, with the parents in the focus group mainly stating concerns with the security and cleanliness of this kind of zone. Parents normally prefer places created specifically for this purpose (such as KidZania).

6.3.5 | Diverse Services/Partnerships

Once again, this concept has several sub-divisions: **self-service printing station, ticket selling area, phone charging station, stationery items, equivalenza partnership, self-service laundry, promotional stands** and **shredding machine** (table 11).

The most praised service was the **self-service printing station**. Both participants E and H agreed that there are not many options for students to print things (namely when they run out of ink or paper) and that most stationery shops (with printers) close early – bad for late reports and other material required for classes! Participant G added that many of his friends rent houses in Lisbon, which means they do not have a printer at home (making this idea very useful for them).

Next, participants evaluated the **ticket selling area** and the **phone charging station**. Participant I stated that it would be great to have a ticket selling area in convenience stores because it would eliminate the need to go to FNAC, Worten or any other entertainment retailer (which are not available everywhere). Moreover, Participant G added that there are not many physical locations to buy tickets for shows and the wide network of gas stations would make the process easier for customers. The phone charging station also received support from the participants, with most thinking it makes sense because phones are a "primary" need nowadays and, in their hectic routines, sometimes phones are not completely charged when they leave their homes and those spots would greatly help in some urgent battery boost.

Although no comments were made in the **stationery items** and on the **Equivalenza partnership**, both received similar quantitative results, showing some mixed to negative reaction from participants (section 6.4).

The worst valued concepts were the **laundry**, **promotional stands** and the **shredding machine**. Most participants stated that laundry services do not have any interest to them (they do not like the idea of bringing dirty clothes all the way to the store) and that a lot of other self-service laundry spots have been rising all around Portugal. However, an ironing service would be highly appreciated by them. The promotional stands had participant E and J agreeing on the fact that this is not a relevant concept for them, and that if any salesperson or brand representative approached them to try or test anything, they would reject it and be bothered by that. However, Participant I added that she likes it because her family members like to search and try promotional actions and test-drives. The shredding machine got a very low rating and no comments were made about it.

Table 11: Conclusion of the Diverse Service/Partnerships Idea

<table>
<tr><th colspan="2">Diverse Services/Partnerships</th></tr>
<tr><td>Ticket Selling Area</td><td rowspan="3">Once again, customers continue praising quickness, efficiency, self-service and new and easy ways of solving everyday problems. They also want extended hours and innovative initiatives.</td></tr>
<tr><td>Self-Service Printing Station</td></tr>
<tr><td>Phone Charging Station & Wi-Fi</td></tr>
<tr><td>Stationery Items</td><td rowspan="2">Mixed to negative reactions, with no comments made (showing lack of interest).</td></tr>
<tr><td>Equivalenza Partnership</td></tr>
<tr><td>Self-Service Laundry</td><td rowspan="3">The worst valued concepts, with customers stating they have no interest in them and would rather have some alternatives (such as having an ironing service instead of a laundry one).</td></tr>
<tr><td>Promotional Stands</td></tr>
<tr><td>Shredding Machine</td></tr>
</table>

6.3.6 | Virtual Reality

The virtual reality has several possible sectors to be used in. As previously stated, the focus will be on test drives, real estate visits and vacations previews.

They were rated very similarly, with the **vacations preview** standing out. Participant J argued that she would not do it because she does not like the idea of being in a gas station without seeing her car (because she would have her eyes covered with the virtual reality glasses). Participant B added that, to test a car, you need to feel and drive it (an opinion shared by participants C and D) and virtual reality is not the same. Participants F and G said that although they really liked the idea it does not make sense to do it in a convenience store and participant H said that it would be a good idea to link it with other concepts, such as Starbucks: you could be drinking your coffee in Oeiras and ask to be transported, virtually, to New York.

Table 12: Conclusion of the Virtual Reality Idea

<table>
<tr><th colspan="2">Virtual Reality</th></tr>
<tr><td>Test Drives</td><td rowspan="3">Applying this idea to preview vacation's destinations was interesting to the group but, in general, they stated that virtual reality does not convey the feelings of the "real" experience and that materializing this concept in convenience stores may not be a good idea (due to the fact that customers are generally in a hurry).</td></tr>
<tr><td>Real Estate Visits</td></tr>
<tr><td>Vacations Preview</td></tr>
</table>

6.3.7 | Parcels' Pick-Up Point

The parcel's pick-up point concept proved to be a success among the participants – there was a unanimous acceptance of the concept. Participants found it convenient, necessary and useful, and would go there on purpose if this service was displayed. Participant E decided to remark that this is a much easier option for those occasions when we need a package but know that no one will be able to receive it and Participant I stated that stationery shops (which usually accommodate these packages) have early closing hours. They want to be able to decide when and where to receive it (table 13).

Table 13: Conclusion of the Parcel's Pick-Up Point Idea

Parcel's Pick-Up Point	
	One of the most criticized aspects about e-mail carriers are the inefficient working hours and lack of options to collect packages. Customers are ready for the future, showing excitement when asked about a self-service locker where they could go anytime to pick their orders – they desire convenience, efficiency and innovation!

6.3.8 | Pedestrian Access Improvement & Signalling

This improvement was seen as very useful and relevant, namely to raise driver's awareness of people walking nearby. It would be especially suitable for convenience stores near residential areas (though most participants, such as C and D, move by car). Participant A also shared that it could be good for pilgrims, for example (if they were passing through one gas station, it could signalize the safest route) (table 14).

Table 14: Conclusion of the Pedestrian Access Improvement & Signaling Idea

Pedestrian Access Improvement & Signalling	
	Those living nearby convenience stores show some fear of walking to gas station because of the lack of accesses. To reassure them while reinforcing their commitment and social responsibility, an investment should be made ASAP to increase security and signalling in the convenience stores (letting passersby know which services are offered inside).

6.3.9 | Digital & App

The last concept to be evaluated was the digital side of the new trends – **payment with smartphone, interactive screens** and **app improvement** (table 15)

New payment methods, namely through smartphones, received a very good feedback from participants A, B and D, who said that they enjoy anything that would make payments easier (such as contactless payment), and that everything would be more practical if they could reduce the number of things they must carry with them.

The **interactive screen** was seen as having a great utility but as not necessarily increasing the visits to the store. Participant E gave an example of a situation when he needed to increase the pressure of his car's tires and it was a big challenge for him – so, a tutorial would be very useful for those situations.

Finally, the **app improvement** was also well received, with participant B saying that the discounts linked with the app would make it much easier to remember when to use them, and participants C and F added that a shopping history would be a great way to monitor expenses with gas.

Table 15: Conclusion of the Digital & App Idea

Digital & App	
Storytelling & Tutorial's Interactive Screen	Due to the technical aspect of cars, tutorials were well received. Moreover, investment on new trends increase customers' convenience, is useful and facilitates the whole experience of going to convenience stores.
App Improvement	
Payment with Smartphone	

6.4 | Overview of the Results

Along with the insightful data gathered from the discussion generated in the focus group, a questionnaire was also prepared and the answers were labelled according to the following criteria:

- Increase Purchase: How likely is it for this concept to increase your purchases? *1: Not Likely* and *5: Very Likely* (only applicable provided purchase occurs);
- Increase Store Visit: How likely is it for this concept to increase the visits to the convenience store? *1: Not Likely* and *5: Very Likely* (only applicable provided the concept is present inside the store);

- Attractiveness: How attractive is this concept? *1: Not Attractive* and *5: Very Attractive*
- Utility: How useful is this concept? *1: Not Useful* and *5: Very Useful*

Below, table 16 is presented with a sum-up of the quantitative answers and overall acceptance of the idea (considering both quantitative and qualitative data).

Table 16: Evaluation and Acceptance of the Proposed Ideas

	Increase Purchase	Increase Store Visits	Attractiveness	Utility	Result
1. New Assortment Management					
Food	3,3	3,2	-	-	Accepted
Beverages	3,1	3,1	-	-	Accepted
Take-Away Meals	3,5	3,5	-	-	Accepted
Vending Machines	4,1	4,2	-	-	Accepted
Corners	2,5	2,6	-	-	Inconclusive
Revolving Shelves	2,5	2,6	-	-	Inconclusive
Pet Zone	1,8	2	-	-	Rejected
2. Store-in-Store					
Salad Station	2,5	2,3	-	-	Inconclusive
Sandwiches Station	3,4	3,3	-	-	Accepted
Frozen Yogurt Station	3,1	3,1	-	-	Accepted
3. Partnerships for Meal & Coffee Area					
Padaria Portuguesa	3,8	3,9	3,9	-	Accepted
Confeitaria Lisboa	2,6	2,7	2,9	-	Inconclusive
BAGGA	2,2	2,2	2,4	-	Rejected
Starbucks	3,7	3,8	4	-	Accepted
Costa Coffee	2,5	2.2	3	-	Inconclusive
4. Kids' Zone	-	-	-	2	Rejected
5. Diverse Services/Partnerships					
Laundry	2	1,9	-	-	Rejected
Stationery Items & Printing Zone	2,9	2,8	-	-	Inconclusive
Equivalenza Partnership	2,7	2,4	-	-	Inconclusive
Ticket Selling Area	3,3	3,5	-	-	Accepted
Self-Service Printing Station	4	4,1	-	-	Accepted
Shredding Machine	-	1,4	-	-	Rejected
Phone Charging Station & Wi-Fi	-	3,1	-	-	Accepted
Promotional Stands & Actions	-	2,2	-	-	Rejected

6. Virtual Reality					
Test Drives	-	1,9	-	2,4	Rejected
Real Estate Visits	-	2,1	-	2,4	Rejected
Vacations Preview	-	2,5	-	2,9	Inconclusive
7. Parcel's Pick-Up Point	-	4,8	-	5	Accepted
8. Pedestrian Access Improvement & Signalling	-	-	-	4	Accepted
9. Digital & App					
Storytelling & Tutorial's Interactive Screen	-	2,8	-	4,1	Accepted
App Improvement	-	3,5	-	3,9	Accepted
Payment with Smartphone	-	4,1	-	4,6	Accepted

Combining the outcomes from this table and the insights from the focus group, it is possible to conclude that the previous concepts can and should be seriously developed by Galp. They have the capability of being breakthroughs and changing the perception of customers on what is a convenience store, creating a completely new market segment and making Galp the go-to brand when thinking of innovation in gas stations.

Moreover, this enables to answer to the Research Questions previously launched in chapter 4 (table 17).

Table 17: Conclusion of the Research Questions

Research Questions (RQ)	
RQ1: Adding new, healthy food assortment will overcome the risk of losing healthy-focused buyers to alternative channels and increase food consumption in the convenience store.	Accepted
RQ2: Offering a variety of fresh beverages to drink in or out-of-store will increase the appeal of the convenience store.	Accepted
RQ3: Offering take-away food will increase the interest of consuming more products from the convenience store.	Accepted
RQ4: Placing vending machines with a variety of product and available 24/7 will increase the purchase of food products in the convenience store.	Accepted
RQ5: Placing corners/revolving shelves will increase curiosity and drive more potential customers to the convenience store.	Inconclusive
RQ6: Implementing a pet section will drive more pet owners to the convenience store.	Rejected
RQ7: Offering fresh, healthier food (providing customization) will attract more potential customers into choosing the convenience store as a place to eat.	Accepted
RQ8: Establishing partnerships with well-known brands on the market will increase the notoriety and popularity of the convenience store, demystifying the idea that gas stations are only to refuel the vehicles.	Accepted

RQ9: Creating a zone with attractions for kids will drive more parents and their children to the convenience store (and for a longer period of time).	Rejected
RQ10: Implementing automatic laundry machines will drive new, potential customers to the convenience store.	Rejected
RQ11: Offering a wider range of stationery items will drive new, potential customers to the convenience store.	Inconclusive
RQ12: Partnering with Portuguese brand Equivalenza will drive new, potential customers to the convenience store.	Inconclusive
RQ13: Implementing a new selling point of tickets for events will drive new, potential customers to the convenience store.	Accepted
RQ14: Creating a self-service printing spot will drive new, potential customers to the convenience store.	Accepted
RQ15: Implementing a shredding machine for efficient disposal of documents will drive new, potential customers to the convenience store.	Rejected
RQ16: Creating a safe charging spot for cellphones will drive new, potential customers to the convenience store.	Accepted
RQ17: Accommodating stands for other brands to showcase their products will drive new, potential customers to the convenience store.	Rejected
RQ18: Showcasing different products/services (even from other brands) through virtual reality in the store will increase the interest of potential customers.	Rejected
RQ19: Implementing a mail pick-up point inside the store where customers can easily and conveniently pick up their orders will increase store influx and customer's convenience.	Accepted
RQ20: Improving access areas for pedestrians will increase customer's sense of security and, therefore, their visits to the store.	Accepted
RQ21: Implementing technology-enabled experiences through interactive screens will increase engagement while providing customers with new information (namely about products inside the store).	Accepted
RQ22: Improving or implementing a digital app will increase customers interactivity with the store and provide new ways to shop.	Accepted
RQ23: Implementing new payment methods (namely with smartphones) will ease out the process of payment, therefore increasing store's attractiveness.	Accepted

7 | Conclusions

The only constant is change. To compete in an increasingly crowded marketplace in which consumer loyalty is rare and options are abundant, companies need change and choices (Morrison et al, 2015) – planning to stay the same is a huge mistake. Investing on a traditional range of products and services is a waste of time and money, since customers want authentic and unique brands that evolve and offer freshness, cleanliness, healthiness, mobility, loyalty and value. Moreover, today's highly connected shopper does not think in terms of physical, online or mobile – they simply want to shop how and when they want and enjoy the best experience possible when they do. Thus, retailers and brands must disrupt the approach that assigns different teams and strategies to each of its channels and take an integrated view of its customers, operations and stores. When thinking of convenience stores, the same line of thinking applies (PSFK, 2018).

The future may be unpredictable but, as previously stated in this thesis, Riell (2013) is convinced that the primary value proposition of the convenience store industry will have to be redefined as soon as possible or the industry will become obsolete. "*Old concepts like viewing retailers by channels (…) are rapidly becoming a thing of the past, and it is therefore unlikely to survive into either future*" said Ryan Mathews, founder and then CEO of Black Monk Consulting (Riell, 2013: 64)

Although there will always be a need for emergency or last-minute purchases, it is not a winner formula for a successful future – it is known that 20 years from now convenience stores will sell convenience but what that looks like is difficult to predict, according to Jeff Lenard, then vice president and industry advocacy for NACS (National Association of Convenience Stores). One thing is for certain: the future is approaching very quickly. As an example, a Shanghai-based start-up launched a prototype of a new 24-hour convenience store that has no staff, no registers and is completely mobile, driving autonomously to certain points (Peters, 2017).

When looking at the Convenience Store's environment in Portugal, it is noticeable that they are commonly seen as mere extensions of the gas stations they accompany. Instead of a place with its own personality and purpose, it is a place where most customers must go and, in the way, may end up buying some extra products. This thesis was written with this exact setting as a starting point: **what are the prevailing trends influencing convenience stores in the future**? **How can**

they influence the Portuguese panorama and develop the sector? **How well would customers in Portugal perceive and accept them**?

With those questions in mind and knowing that in order to be competitive and unique companies have to invest in new ways to bring variety to customers, the conducted literature review focused on six trends, followed by concept generation, selection, testing and analysis.

7.1 | General Overview and Results

This study, conducted on top of a project done in collaboration with Galp, Marketing Future Cast Lab and the writer revealed some precious details, facts and insights about this industry – such as some very useful conclusions on what is done outside Portugal in this sector and on the evolution of the concept of convenience. As pointed out throughout this thesis, the convenience store's format in Portugal has been mainly linked with gas stations but, due to the new trends in retail and to the demanding nature of customers, it cannot have a support function anymore: convenience stores must deliver new solutions, products, services and experiences "on their own".

Rather than solely testing traditional initiatives, new and "future" trends were analysed, explained and tested to understand how well they resonated with customers and with their behaviour. Those trends are linked with Hybrid Stores, Store Mood Zones, Interactive Screens, Retailtainment and Revolving Decors, as well as with Partnerships and general trends of the Future (e.g. digital) and the study was conducted to provide a clear notion of what is known and implemented around the world (in terms of Convenience Stores and New Trends) and to assess how would specific concepts linked with these trends be evaluated according to the increase of purchases, increase of visits to the store, attractiveness and utility.

A very brief overview of the conclusions by trend is presented next, as well as some of the related concepts which were tested (quantitative and qualitatively), but the reader is highly recommended to look at the referenced sections for a more detailed explanation and to Table 15, where the research questions are answered:

7.1.1 | Hybrid Stores

Being a mix of different business areas in the same outlet, it is highly appreciated by customers who prioritize speed, efficiency and convenience (combining places to eat, the usual offering of convenience stores and more) (Section 3.3.1).

The Store-in-Store concept received a medium score, with people enjoying the sandwiches and ice-cream station slightly more (Section 6.3.2).

7.1.2 | Store Mood Zones

It can be easily understood that in-store atmospheric elements have a very big effect on the emotions of customers, further influencing their buying behaviour. Therefore, retailers should never forget how important it is to create mood zones to incite desired emotions (impulsiveness, quickness, purchasing, relaxation…) (Section 3.3.2).

In the focus group, participants got the chance to evaluate the Partnerships for Meal & Coffee. Due to their recognition and attractiveness, Starbucks and Padaria Portuguesa got high acceptance scores but the other proposed partners were rejected (Section 6.3.3).

7.1.3 | Interactive Screens

Interactive screens allow customers to interact, engage and discover different features of the brand, product and service. However, they can be used with different commercial objectives in mind (e.g. inventory display and 24/7 shopping) and applied to several industries. It moves customers' imagination, providing pure entertainment to the otherwise dry and predictable experience of shopping and possibly intensifying the social aspect of retail spaces and increasing the desire to spend more time and money in stores (Section 3.3.3).

One of the specific concepts up for testing (Storytelling & Tutorial's Interactive Screens) was well accepted, mainly when used for tutorials, tips and "Do-It-Yourself" (DIY) content (Section 6.3.9).

7.1.4 | Retailtainment

Retailers can add entertainment and experiences to their bland retail mix if they are looking for new ways to attract and increase new customer's loyalty (who are buying less and less products). Moreover, customers are more than ready to get entertaining experiences in their daily activities (Section 3.3.4).

A virtual Reality zone was studied and although the overall opinion was good, people do not like the connection with a convenience store (6.3.6). A similar opinion was gathered regarding the Kids' Zone (6.3.4).

7.1.5 | Revolving Decors

Although the message should be consistent, the tone, visuals and colours of the retail space should be customized if one wants to engage even more customers and adapt to their changing wills. And, although online shopping has been on the rise, most customers still prefer to make purchases inside a physical retail space and to feel what they are buying. Flexibility is key – by constantly changing their spaces, freshness and relevance is flawlessly achieved (Section 3.3.5).

The Revolving Shelves concept received a medium feedback, being praised for its promotional dynamics and high innovation (6.3.1).

7.1.6 | Partnerships

Retailers still privilege working alone but, nowadays, partnerships are more relevant than ever by creating abundant mutual benefits and providing opportunities that would be unattainable individually (Section 3.4).

The Parcels' Pick-Up Point, for example, proved to be a total success, especially because of the increased convenience given to customers (Section 6.3.7).

7.2 | Managerial Implications

This business project and previous chapters yielded findings that have managerial insights and implications on the future, trends and impact of convenience stores in Portugal. By being a thinly researched area, especially in the context of Portugal, the findings from this study are expected to be very useful for management practitioners and students.

Looking at the specific findings from the previous chapters, there are numerous trends and concepts that convenience store retail managers should apply to their stores – new assortment management, store-in-store, partnerships for meal & coffee area, diverse services/partnerships, parcel's pick-up point, pedestrian access improvement & signalling and digital & app. This leads to several recommendations:

- **More food and more variety**

Convenience alone is no longer enough. The trend is clear: customers crave for speed, quality, diversity and healthiness. With that in mind, managers should focus on providing offers that focus more on health and quality (e.g. new healthy food and beverages assortment: fresh fruits, vegetables, healthy/on-the-go snacks and food complements/substitutes, detox drinks, natural juices and seasonal drinks) or/and on speed and diversity (ready-to-eat food and vending machines which provide exciting and convenient options for the "always in a hurry" customer, even when the store is closed). Regardless of the option, the packaging and offer should be increasingly innovative and original, since customers enjoy and take notice of every detail.

New food formats are also highly desired (e.g. sandwiches and frozen yogurt stations), showing that some customers do not even care about waiting for some time in order to get something tastier and/or healthier.

However, managers and companies should try to be one step ahead of these trends. They are not predictable and the future is always evolving – the secret is to never lose touch with what is happening and anticipating upcoming trends as much as possible.

- **New and exciting partnerships**

Portuguese customers love value for money and known international brands, clearly following trends. During our study, this was particularly noticed when 5 possible partnerships were presented and there was a clear preference for a highly known international brand and a highly known national brand. The convenience store would gain a lot of notoriety and preference with an association with trusted, known and well perceived brands (both in and out of the food sector). Managers should highly consider dropping their own brands and choosing established ones to outsource some parts of their business (trading their advantages with these brands' know-how and strengths).

- **Convenience linked with autonomy and technology**

When looking at the accepted concepts, the preference for solutions that facilitate customers' lives was clear. The digital ones, all linked with an autonomous and interactive search for solutions, were praised due to time-savings and customer's autonomy. Empowering customers through technological and intuitive tools (self-service/payment through smartphone/tutorials screens/app's personal page) is a must-have.

Some of the presented solutions, such as the printing zone, usually require waiting for a service to be delivered. By giving total control of the service to customers (self-service), the company can also reduce costs with personnel.

- **More options = higher sense of security**

When thinking about convenience, one should never disassociate it with the concept of security. By praising, for example, the Phone Charging & Wi-Fi spot, customers were essentially appreciating the higher sense of comfort and security they were being given: from now on, they will not need to bother with charging their phones or running out of battery because they will always have a plan B. The same happens with the Parcel's Pick-Up Locker: no more time constraints, short working hours and worries about being home at a certain time to receive a very important package. This sense of security is very important and managers should acknowledge this, providing options and services that increase Galp's value and justify specifically going there.

- **Academic implications**

Although this research is exploratory, it can be verified that consumers accept some product and service concepts due to the development of the hybrid store concept and also adopt new technologies that simplify not only purchasing but also the whole shopping experience.

8 | Limitations and Notes for Future Research

8.1 | Limitations

Although efforts were made to carry on a research that was theoretically and empirically strong and free of bias, it had certain limitations that could impact the findings of this study, such as the following:

- This is a **qualitative/exploratory study,** with **no possibility of extrapolation to the universe (it does not have a statistical basis)** and with a **convenient sample**;
- **Not many studies and scientific literature are available on the subject worldwide** (namely in the case of convenience stores) and not a single study could be located in the context of Portugal. Therefore, there was very little data to develop strong research questions (and to validate some of the findings;
- Still linked with the previous point, **part of the literature review was researched on non-scientific papers due to the limited availability of data on this theme** – more studies would have served as a better and stronger basis;
- This thesis was based on a parallel study made in coordination with Galp and Marketing Future Cast Lab, comprising a timeline of 4 months (from June 2017 until September 2017), which created a **considerable time constraint**. Although expected, this fast paced approach did not allow a wider validation of the initial ideas, a bigger inclusion of constraints and extra formulation of research questions;
- By being **based on a specific sample size** in a specific location, it might have suffered from certain limitations. The results may have been more generalizable if a bigger sample had been taken;
- **Respondents may not have understood the true meaning of the explained concepts** and may not have expressed their true feelings while answering both the questionnaire and the focus group questions.

8.2 | Further Research

The line separating the present and the future is becoming increasingly blurred. As this research was being conducted, very interesting examples linked with the future of convenience appeared (e.g. convenience store's omnipresence, self-driving stores, stores without cashiers and fusion with the digital world). Those examples, although mentioned briefly in this thesis, deserve to be further explored.

Additional research should also be developed for other countries and sectors due to the existing cultural and geographical differences. That would certainly provide broader and more diversified insights that could aid in the creation of a global model for retailers and managers worldwide (regardless of their country or culture) to understand how store atmosphere, retailing trends and other factors influence customers.

A bigger/different sample would tremendously help to generalize and gather stronger conclusions and although this project considered several examples and future trends, researchers should further investigate some of the trends explored throughout this thesis and/or investigate some of the research questions, trends and concepts left out from testing. Worthy examples of this would be some external variables that were not validated by Galp, such as innovations at the pump (e.g. digital screen to order and then pick-up at drive thru window and new parking solutions).

The last interesting factor to be explored are some of the references made by the participants of the focus group, which gave some suggestions such as an ironing service (instead of laundry) and some VR trips while drinking coffee (simulating drinking coffee in Paris or New York).

Overall, and as a final remark to this project, there are major opportunities for retailers to gain a competitive advantage against other physical retailers and, just as important, online retailers. However, achieving this advantage demands that retailers stop using the "classic rule book" and rethink everything about their strategies (from pricing to design, culminating in experience). They need to adapt not only to the trends analysed previously but also to the ones emerging as you read this paragraph. Standing still is never an option, but it is particularly important in today's landscape given the speed at which retail and the customers change. In the end, aligning with the needs and wants of tomorrow's shoppers is an infallible recipe for success in retail.

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10 | Annex

Annex I | Focus Group Script

I. *Shopping Habits*

a. Besides shopping in hyper or supermarkets, do you also shop in other types of stores? Which ones?
b. Do you usually eat out of home? Where?

II. *Knowledge and opinion of Convenience Stores*

Convenience Stores have the objective of providing a convenient location for quick shopping of a variety of products (mainly food and gas) and services. When we talk about convenience stores, it's important to notice that there are different types according to size and offer and that, in the context of this study, we will focus on convenience stores located in gas stations (e.g. Tangerina e Pingo Doce & Go).

a. In which situations/contexts and moments of the day do you go to convenience stores (excluding to fuel your car)

III. *General opinion and purchasing behaviour*

a. What do you enjoy the most and the least in convenience stores?
b. How often do you visit convenience stores? Why?

IV. *Preferences*

a. Which convenience stores have you visited in the last year? And which do you enjoy the most? Why?
b. What makes you choose one convenience store instead of the other?

V. *Products and Services*

a. Which products and/or services do you usually buy in a convenience store?
b. When you fuel your car, do you use the self-service payment or do you pay inside the store? Why?

(After this initial introduction, **the moderator will briefly explain each idea through visual support** (image or video). The participants will **fill the questionnaires**, which will be **quickly analysed in order to ask some additional questions to stimulate discussion** and obtain more insights from the group). **Please note that the images shown as part of the Methodology are present in Annex II**:

Idea	Question	Methodology	Metrics
1. New Assortment Management			
a. Food	What is your opinion about the introduction of a new assortment of healthy food such as fresh fruit, vegetables, salads, protein supplements and free from dairy and gluten products? If any of these new items had packages with "on-the-go" characteristics (such as the possibility to re-open the package), would it be appealing to you?	*Show example (Figure 1) and do a questionnaire, adding questions to stimulate discussion*	Evaluation of each metric in a scale from 1 to 5
b. Beverages	Would it be nice if the cafeteria area introduced new beverages with different flavours, prepared daily, for in-store and take-away consumption (such as juices, Slurpee and milkshakes)? Would it make you visit the store more often?	*Show example (Figure 2) and do a questionnaire, adding questions to stimulate discussion*	Evaluation of each metric in a scale from 1 to 5
c. Vending Machine	What do you think about the introduction of vending machines with an assortment of urgent need products (such as baby food and personal hygiene products) to buy during the hours the store is closed?	*Show example (Figure 3) and do a questionnaire, adding questions to stimulate discussion*	Evaluation of each metric in a scale from 1 to 5
d. Corners	The convenience store will have a corner to sell products related to a specific theme. These products will be changed frequently – for example, during the summer the corner will have skin and hair products and some brand representatives to explain and promote them. Moreover, it could have a health corner with free screening and actions against (for example) cholesterol. Would this attract you?	*Show example (Figure 4) and do a questionnaire, adding questions to stimulate discussion*	Evaluation of each metric in a scale from 1 to 5

<table>
<tr><td>e. Revolving Shelves</td><td>What do you think about the creation of a dynamic shelf, with products related to seasonal themes and frequently changed?

Which themes would you like to see? What do you think about connecting them to the Portuguese tradition (such as Santos Populares, Easter, Christmas…)?</td><td>Show example (Figure 5) and do a questionnaire, adding questions to stimulate discussion</td><td>Evaluation of each metric in a scale from 1 to 5</td></tr>
<tr><td>f. Take-Away Food</td><td>Similarly to what happens in several supermarkets and hypermarkets around the country, would you like to have Take-Away meals in your convenience store?

What type of meals/food would you like to have there?</td><td>Show example (Figure 6) and do a questionnaire, adding questions to stimulate discussion</td><td>Evaluation of each metric in a scale from 1 to 5</td></tr>
<tr><td>g. Pet Zone</td><td>Do you think that a zone in the convenience store dedicated to pet products (such as food, toys and accessories) makes sense?</td><td>Show example (Figure 7) and do a questionnaire</td><td>Evaluation of each metric in a scale from 1 to 5</td></tr>
<tr><td>2. Store in Store</td><td>Considering the existence of food offering inside the convenience store (in a store-in-store concept), what do you think of the following ideas?

- Salads Station (e.g. Vitaminas partnership) where you could choose the ingredients to create your salads and wraps;
- Sandwiches Station (e.g. Vitaminas or Companhia das Sandes partnership) where you could choose the ingredients to create your sandwich;
- Frozen Yogurt Station (DIY - do it yourself) where you could create a frozen yogurt with your favourite flavours and toppings (keeping in mind that the price would be calculated per weight).</td><td>Show example (Figure 8) and do a questionnaire</td><td>Evaluation of each metric in a scale from 1 to 5</td></tr>
<tr><td>3. Partnerships for Meal and Coffee Area</td><td>Supposing that the company will rethink its cafeteria area and create a partnership with an established brand in Portugal, we ask you to comment each of the following options for a partnership:

- Padaria Portuguesa;
- Confeitaria Lisboa;
- BAGGA;
- Starbucks;
- Costa Coffee.</td><td>Show example (Figure 9) and do a questionnaire, adding questions to stimulate discussion</td><td>Evaluation of each metric in a scale from 1 to 5</td></tr>
</table>

4. Kids' Zone	Would it add value if a space for children to spend some time playing inside the store was created (while their parents relaxed and ate something while observing the kids)?	*Show example (Figure 10) and do a questionnaire*	Evaluation of each metric in a scale from 1 to 5
5. Diverse Services/Partnerships			
a. Laundry	What do you think about the implementation of washing and drying machines inside the convenience stores? Would you use this service?	*Show example (Figure 11) and do a questionnaire, adding questions to stimulate discussion*	Evaluation of each metric in a scale from 1 to 5
b. Stationery Items & Printing Zone	Imagine that a partnership with Note! (owned by Sonae) was established and a new zone was created inside the convenience store, destined to showcase stationery items, last minute gifts and some services (such as CTT). Would it make you visit the convenience store more frequently?	*Show example (Figure 12) and do a questionnaire*	Evaluation of each metric in a scale from 1 to 5
c. Equivalenza Partnership	The Portuguese brand "Equivalenza", besides selling perfumes, also sells car and house air fresheners. What is your perspective on the existence of these products in convenience stores? If these products had a reserved space in the convenience store, would you buy them? Would you like to have other products from the brand (such as perfumes and creams) available in this space?	*Show example (Figure 13) and do a questionnaire, adding questions to stimulate discussion*	Evaluation of each metric in a scale from 1 to 5
d. Ticket Selling Area	Instead of going to Fnac, Worten or other physical retailer to buy tickets (namely for concerts and shows), you can now do it in a convenience store. What do you think of this scenario?	*Show example (Figure 14) and do a questionnaire*	Evaluation of each metric in a scale from 1 to 5
e. Self-Service Printing Stations	Nowadays you can print documents and photographs in self-service machines in a quick and easy way and without the help of an assistant. What do you think of the existence of these machines in a convenience store? If you needed, would you use them?	*Show example (Figure 15) and do a questionnaire, adding questions to stimulate discussion*	Evaluation of each metric in a scale from 1 to 5

f. Shredding Machine	Evaluate the existence of a shredding machine in a convenience store (for a safe disposal of confidential documents)	*Show example (Figure 16) and do a questionnaire*	Evaluation of each metric in a scale from 1 to 5
g. Phone Charging Station & Wi-Fi Zone	Suppose that the convenience store creates a phone charging station where you can leave your phone charging securely while you visit the store and eat something. Would you use this service? Do you think this would make you choose this store above others?	*Show example (Figure 17) and do a questionnaire, adding questions to stimulate discussion*	Evaluation of each metric in a scale from 1 to 5
h. Promotional Stands & Actions	Evaluate the possibility of the existence of promotional stands of diverse brands on the free space of the gas station (namely doing food tastings for passersby). A possible example for long haul convenience stores is the creation of a lounge by a gaming brand, with devices and games for people to try. What do you think about this?	*Show example (Figure 18) and do a questionnaire, adding questions to stimulate discussion*	Evaluation of each metric in a scale from 1 to 5
6. Virtual Reality	Considering the existence of several actions of virtual reality inside the convenience stores, evaluate the following ideas: - *Test Drive*, in virtual reality, of a new model (namely of a car brand); - Visit houses for sale in virtual reality (to solely visit physically the houses that you really enjoy); - Before choosing the destination for your next vacations, would you like to see (in virtual reality) the main attractions or even your accommodation before buying your tickets?	*Show example (Figure 19) and do a questionnaire*	Evaluation of each metric in a scale from 1 to 5
7. Parcels' Pick-Up Point	Nowadays, Pick-Up Locker systems are quite common: instead of receiving your order at home, you can choose lockers to accommodate it until it is convenient for you to pick them up, using a personal code. Taking into account the issues with order collection (namely because of the location and hours of the stores), how do you evaluate the possibility to use these pick-up lockers (located, in this specific case, in convenience stores)?	*Show example (Figure 20) and do a questionnaire, adding questions to stimulate discussion*	Evaluation of each metric in a scale from 1 to 5

8. Pedestrian Access Improvement & Signalling	Taking into account that many customers walk to the convenience stores (namely in urban areas' convenience stores), what do you think about investing in better accesses? Additionally, do you think it is advantageous to create new signalling about which services are available inside the store (namely Toilets, ATM, Wi-Fi…)?	*Show example (Figure 21) and do a questionnaire, adding questions to stimulate discussion*	Evaluation of each metric in a scale from 1 to 5
9. Digital & App			
a. Storytelling & Tutorial's Interactive Screens	While you are in line to pay, what is your opinion about having an interactive screen at your disposal with content about the company, products and promotions? And what about an interactive screen that provides several tips and tricks on how products for your car as well as tutorials on how to apply them and other suggestions for car owners?	*Show example (Figure 22) and do a questionnaire, adding questions to stimulate discussion*	Evaluation of each metric in a scale from 1 to 5
b. App Improvement	How attractive would it be if the app enabled you to access a personal hub where you could see your past purchases, aggregate coupons, pay for gas and products and pick them up afterwards? Do you think it would make you use the app more often? Is there any other feature you would like to see in the app?	*Show example (Figure 23) and do a questionnaire, adding questions to stimulate discussion*	Evaluation of each metric in a scale from 1 to 5
c. Payment with Smartphone	Taking into account the new payment trends, the company could implement a new and easier method in which customers could pay for the products/services with their smartphones. Do these methods appeal to you?	*Show example (Figure 24) and do a questionnaire, adding questions to stimulate discussion*	Evaluation of each metric in a scale from 1 to 5

Annex II | Images presented as examples during the Focus Group

Figure 1: *New Assortment Management (Food) example*

Figure 2: *New Assortment Management (Beverages) example*

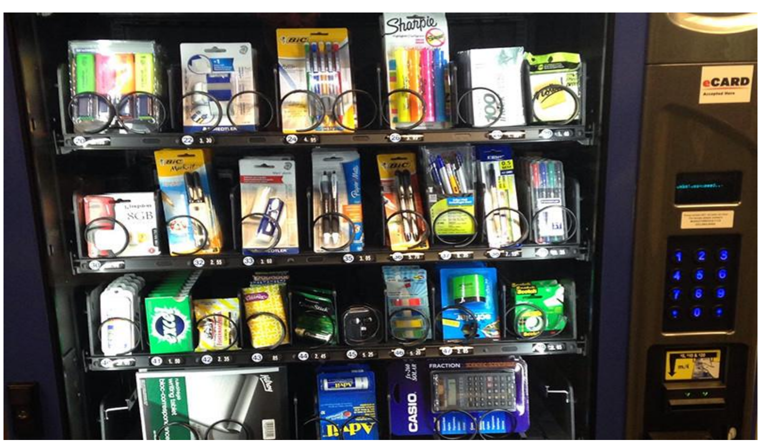

Figure 3: *New Assortment Management (Vending Machine) example*

Figure 4: *New Assortment Management (Corners) example*

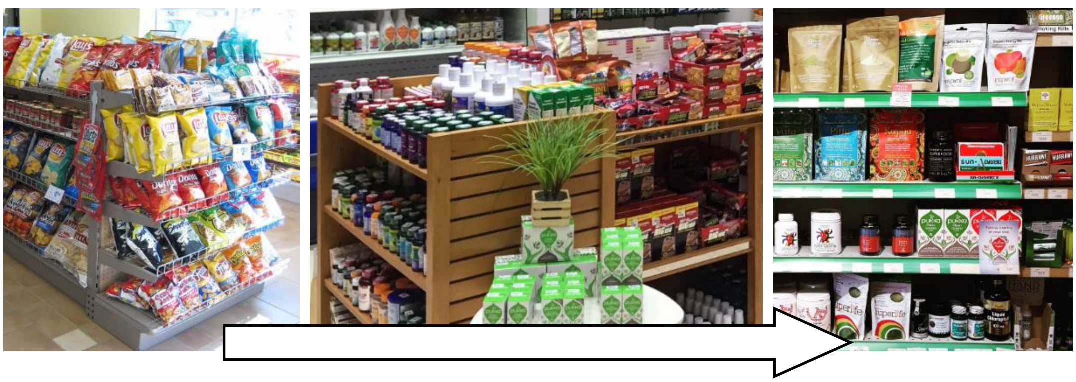

Figure 5: *New Assortment Management (Revolving Shelves) example*

Figure 6: *New Assortment Management (Take-Away Food) example*

Figure 7: *New Assortment Management (Pet Zone) example*

Figure 8: *Store in Store example*

Figure 9: *Partnerships for Meal and Coffee Area example*

Figure 10: *Kids' Zone example*

Figure 11: *Diverse Services/Partnerships (Laundry) example*

Figure 12: *Diverse Services/Partnerships (Stationery Items & Printing Zone) example*

Figure 13: *Diverse Services/Partnerships (Equivalenza Partnership) example*

Figure 14: *Diverse Services/Partnerships (Ticket Selling Area) example*

Figure 15: *Diverse Services/Partnerships (Self-Service Printing Stations) example*

Figure 16: *Diverse Services/Partnerships (Shredding Machine) example*

Figure 17: *Diverse Services/Partnerships (Phone Charging Station & Wi-Fi Zone) example*

Figure 18: *Diverse Services/Partnerships (Promotional Stands & Actions) example*

Figure 19: *Virtual Reality example*

Figure 20: *Parcel's Pick-Up Point example*

Figure 21: *Pedestrian Access Improvement & Signalling example*

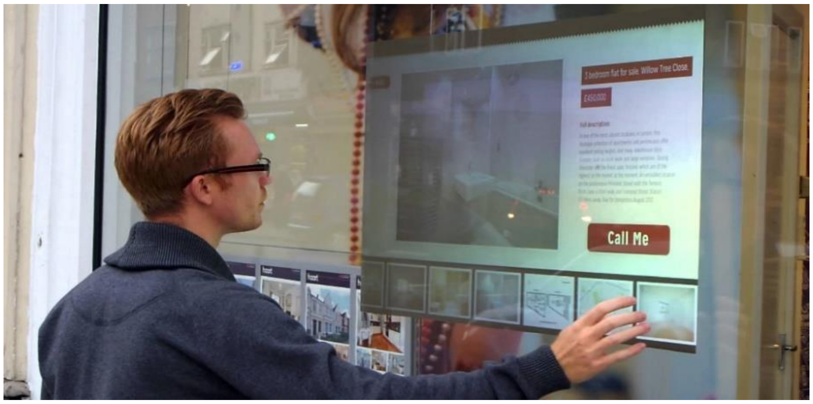

Figure 22: *Digital & App (Storytelling & Tutorial's Interactive Screens) example*

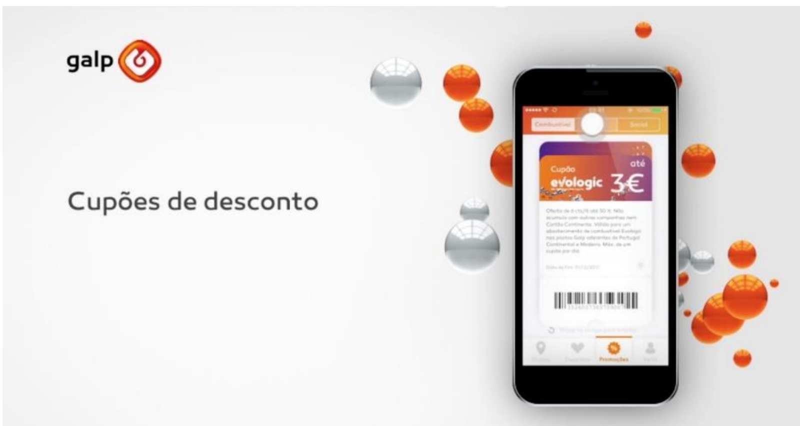

Figure 23: *Digital & App (App Improvement) example*

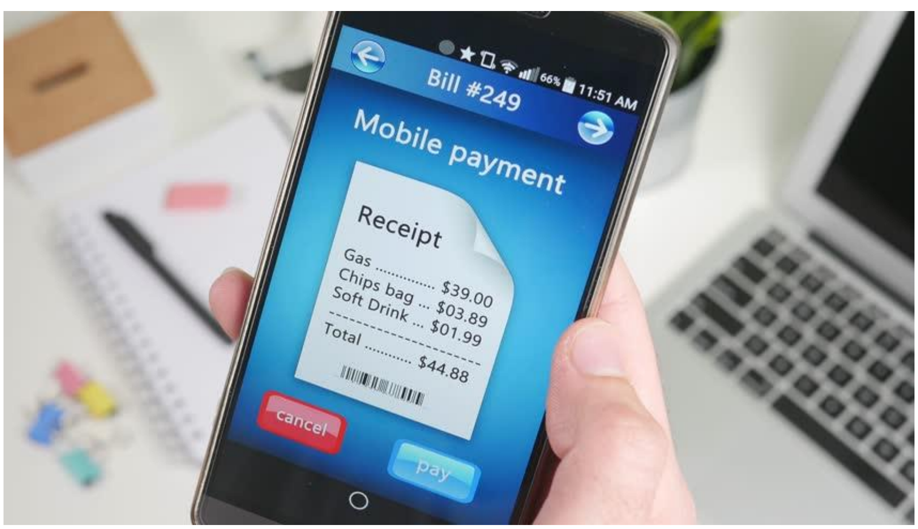

Figure 24: *Digital & App (Payment with Smartphone) example*

Annex III | Questionnaire Script

1. New Assortment Management

For the following concept, we ask you to **evaluate the utility of the idea from 1 to 5** (being 1: It has no utility, 2: It has a small utility, 3: It has some utility, 4: It has utility and 5: It has a lot of utility):

	1	2	3	4	5
a) Food – Healthy Food (fresh fruit, vegetable, salads…); – Protein supplements; – Free from dairy and gluten products.					
b) Beverages – Juice, slushies and milkshakes.					
c) Vending Machines – During the hours in which the store is closed; – With an assortment of urgent need products (such as baby food and personal hygiene products).					
d) Corners – Corner to sell products related to a specific theme, changed frequently – Examples include Summer Theme (products for hair and skin) or Health Theme (corner with free screenings and actions against cholesterol, among others).					
e) Revolving Shelves – Dynamic shelves with products related to seasonal themes; – Frequently changed; – Themes connected to Portuguese tradition (such as *Santos Populares*, Easter, Christmas, Carnival, …).					
f) Take-Away					
g) Pet Zone – Zone dedicated to pet products (such as food, toys and accessories)					

2. Store in Store

For the following concept, we ask you to **evaluate the utility/probability of buying of the idea from 1 to 5** (being 1: I would never buy it, 2: I would rarely buy it, 3: I would buy it sometimes, 4: I would frequently buy it and 5: I would always buy it):

	1	2	3	4	5
a) Salads Station – Choice of ingredients (e.g. Partnership with *Vitaminas*).					
b) Sandwiches Station – Choice of ingredients (e.g. Partnership with *Vitaminas* or *Companhia das Sandes*).					
c) Frozen Yogurt Station – "Do It Yourself" concept with flavour and topping customization.					

3. Partnerships for Meal and Coffee Area

For the following concept, we ask you to **evaluate the attractiveness of the idea from 1 to 5** (being 1: It has no attractiveness, 2: It has a small attractiveness, 3: It has some attractiveness, 4: It has attractiveness and 5: It has a lot of attractiveness):

	1	**2**	**3**	**4**	**5**
a) Padaria Portuguesa					
b) Confeitaria Lisboa					
c) BAGGA					
d) Starbucks					
e) Costa Coffee					

4. Kids’ Zone

For the following concept, we ask you to **evaluate the utility of the idea from 1 to 5** (being 1: It has no utility, 2: It has a small utility, 3: It has some utility, 4: It has utility and 5: It has a lot of utility):

1	**2**	**3**	**4**	**5**

5. Diverse Services/Partnerships

For the following concept, we ask you to **evaluate the utility of the idea from 1 to 5** (being 1: It has no utility, 2: It has a small utility, 3: It has some utility, 4: It has utility and 5: It has a lot of utility):

	1	2	3	4	5
a) Laundry					
b) Stationery Items & Printing Zone					
c) Equivalenza Partnership – Producer of low cost air fresheners for cars and houses, as well as beauty products (such as perfumes).					
d) Ticket Selling Area					
e) Self-Service Printing Stations					
f) Shredding Machine					
g) Phone Charging Station & Wi-Fi Zone					
h) Promotional Stands & Actions					

6. Virtual Reality

For the following concept, we ask you to **evaluate the utility of the idea from 1 to 5** (being 1: It has no utility, 2: It has a small utility, 3: It has some utility, 4: It has utility and 5: It has a lot of utility):

	1	2	3	4	5
a) *Test Drives* (To new models of cars, …) – - Namely during the launch of new models of cars and motorcycles; – - Ability to simulate different extras to include in the vehicle (such as different interiors and colours)					
b) Visit Houses – - For sale or to rent in the zone of interest of the potential customer					
c) Vacation's Destination – - Possibility to preview the hotel where you would like to stay and the main attractions there					

7. Parcel's Pick-Up Point

For the following concept, we ask you to **evaluate the utility of the idea from 1 to 5** (being 1: It has no utility, 2: It has a small utility, 3: It has some utility, 4: It has utility and 5: It has a lot of utility):

1	2	3	4	5

8. **Pedestrian Access Improvement & Signalling** (mainly for convenience stores present inside gas stations in urban areas)

For the following concept, we ask you to **evaluate the utility of the idea from 1 to 5** (being 1: It has no utility, 2: It has a small utility, 3: It has some utility, 4: It has utility and 5: It has a lot of utility):

1	2	3	4	5

9. Digital & App

For the following concept, we ask you to **evaluate the utility of the idea from 1 to 5** (being 1: It has no utility, 2: It has a small utility, 3: It has some utility, 4: It has utility and 5: It has a lot of utility):

	1	2	3	4	5
a) Storytelling & Tutorial's Interactive Screen – Relevant content about the brand, promotional info and tutorials for the car (such as how to change the oil and the tires).					
b) App Improvement – Add a new personal hub with purchase history, coupon and discount aggregation, …)					
c) Payment with Smartphone					