

**THE EFFECTS OF STORE ATMOSPHERICS ON THE  
CLIENTS' REBRANDING PERCEPTION AND  
SATISFACTION LEVEL**

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## **Abstract**

Rebranding and merge processes can lead to the loss of clients. Thus, companies need to work on the success of the post merged brand, in order to guarantee customers' continuous loyalty and satisfaction.

This project aims to analyse the effects of a recent merge with another brand of the same business group. The goal is to suggest improvement proposals in order to minimize the negative effects of the merge on the current and future store rebranding. Besides, the goal of this project is also to contribute to future mergers in different companies and business sectors. The methodology consists in the application of a questionnaire to the customers of the first refurbished store, whose sample is 145 customers, complemented with an analysis of the store's environment.

The results showed that the overall satisfaction with the new brand has been negatively influenced by the merge. Also, it was possible to demonstrate that the fact that the customer has a positive attitude towards the merger is strictly related to the positive effect of their perceptions of the store environment and overall satisfaction with the new brand.

Consequently, this project demonstrates that several improvement proposals can be implemented in the company, regarding the rebranding and merge perception and store atmospherics' satisfaction, in order to minimize any negative effects that may exist.

### **Keywords:**

Atmospherics, Merge, Rebranding, Customer Satisfaction

### **JEL Classification System:**

M31, L81

## **Resumo**

Os processos de *rebranding* e de fusão podem levar à perda de clientes. Desta forma, as empresas devem concentrar-se no sucesso da marca pós-fusão, a fim de garantir a lealdade e a satisfação contínuas dos clientes.

Este projeto visa analisar os efeitos de uma recente fusão com outra marca do mesmo grupo empresarial na satisfação bem como o papel da percepção do ambiente físico da loja. O objetivo é sugerir propostas de melhoria a fim de minimizar os efeitos negativos da fusão nas lojas que já foram remodeladas e as que serão futuramente. Para além disso, o objetivo deste projeto é também contribuir para fusões futuras em diferentes empresas e sectores de atividade. A metodologia consiste na aplicação de um questionário aos clientes da primeira loja remodelada, cuja amostra é de 145 clientes, juntamente com uma análise de observação da loja.

Os resultados mostraram que a satisfação global com a nova marca foi negativamente influenciada pela fusão. Também foi possível demonstrar que o facto de o cliente ter uma atitude positiva face à fusão está estritamente relacionado com o efeito positivo das suas percepções sobre a envolvente da loja e satisfação geral com a nova marca.

Consequentemente, este projeto comprova que várias propostas de melhoria podem ser implementadas na empresa, ao nível da percepção da fusão e do *rebranding* e na satisfação com a atmosfera da loja, de forma a minimizar os efeitos negativos que possam existir.

### **Palavras-chave:**

Ambiente de Loja, Fusão, Mudança de Marca, Satisfação do Consumidor

### **JEL Classification System:**

M31, L81

## **Sumário Executivo**

Os processos de fusão estão a tornar-se cada vez mais comuns no sector do retalho sendo que, com o seu surgimento, as empresas enfrentam inúmeros desafios para assegurar que o processo de *rebranding* seja tão claro e satisfatório para os seus clientes fiéis quanto atraente e impactante para os novos. Relativamente ao caso da empresa deste projeto, a LEROY MERLIN está inserida no sector de bricolage, incluindo as seguintes categorias: construção, decoração, jardinagem, casas de banho e cozinhas. A LEROY MERLIN faz parte do Grupo ADEO, uma multinacional francesa, assim como o AKI (uma loja de proximidade que apenas está presente no mercado ibérico). Desde janeiro de 2019, a LEROY MERLIN e o AKI fundiram-se numa única estrutura corporativa dentro da ADEO. Esta nova empresa é agora denominada LEROY MERLIN.

Com o objetivo de analisar a satisfação dos clientes após a recente alteração da marca na loja de Torres Vedras, a loja piloto a ser transformada de AKI para LEROY MERLIN, este projeto visa identificar oportunidades de melhoria para a empresa em vários níveis: (1) atmosfera de loja (tal como o odor, a música e iluminação) e fatores sociais que contribuem para a satisfação geral com o ambiente da loja; e também (2) no *rebranding* e fusão, de forma a perceber quais os seus efeitos na satisfação do cliente.

A metodologia utilizada neste projeto incluiu a revisão da literatura que permitiu construir um modelo conceptual de análise, onde foram testadas as possíveis relações entre os construtos e as variáveis. Consequentemente, foi aplicado um questionário na loja de Torres Vedras, com 145 respostas recolhidas, no qual 66,9% da amostra é cliente da loja há mais de dois anos, ou seja, antes da mudança da marca. Relativamente ao nível de satisfação dos clientes nos ambientes físicos de loja, verificou-se que os clientes mais frequentes não estão satisfeitos com o ambiente atual da loja (criado com o *rebranding* da loja), o que evidencia a dificuldade dos clientes em lidar com a mudança. Para além disso, este projeto demonstrou que as percepções dos ambientes atuais são explicadas pela familiaridade dos clientes com a loja em si, independentemente da marca, provando que um cliente mais familiar tem tendência a estar mais satisfeito. Os resultados relativos à satisfação dos clientes com a fusão mostraram que o nível de efeito positivo relacionado com a atitude face à fusão está estritamente relacionado com o nível de efeito positivo das percepções dos elementos da atmosfera atual da loja. Por outro lado, os resultados evidenciam que o “*perceived fit*” e o ajuste entre a percepção das duas marcas e o grau de fidelidade à AKI moderam as percepções dos elementos da atmosfera atuais e a satisfação global com a marca LEROY MERLIN.

Tendo em consideração os resultados anteriormente referidos, foram identificados alguns pontos de melhoria sobre a envolvente da loja e a perceção dos clientes sobre a fusão, que também podem ser aplicados nas lojas que serão remodeladas no futuro. Assim, propõe-se repensar o *layout* da loja e a gama de produtos das lojas que forem remodeladas; assegurar a eficiência da loja nos tempos de espera e nos seus recursos humanos; proporcionar um ambiente de iluminação confortável; desenvolver a envolvência musical e também o conforto da loja; organizar *focus groups* com os clientes antes do *rebranding* da loja; conduzir avaliações informais da satisfação dos clientes e facilitar a Gestão da Mudança numa perspetiva de colaborador. Das ações de melhoria propostas, foram consideradas prioritárias as que são relativas à perceção da fusão e do *rebranding*, sendo que estas devem ser levadas a cabo pelos managers das lojas em questão, juntamente com o apoio da Sede.

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## **List of abbreviations**

DIY - Do It Yourself

M&A - Mergers and Acquisitions

## **1. Introduction**

The motivation for the realization of this project is related to the fact that, as a LEROY MERLIN employee, I had the opportunity to contact directly with this transition to a new company after the merge. Multiple changes happened since AKI and LEROY MERLIN became one company, such as the merge of teams in the headquarters, new ways of working and new store formats. This is the main reason why I decided to conduct this project at the store of Torres Vedras, since it was the first store to be rebranded. In this chapter, the project theme in analysis is presented in detail.

### **1.1 Context and importance of the topic**

In a merge process, management should pay attention to the insights of consumers regarding the new company, in order to anticipate poor economic results and the decrease in brand loyalty of AKI and LEROY MERLIN. This project intends to address the problem identified at LEROY MERLIN, which is to analyse the situation of the Torres Vedras' store rebranding and merge with AKI and find future actions that can contribute in the reduction of the identified negative effects.

LEROY MERLIN has been gaining importance in Portugal, with an ambitious plan of expansion, by opening its 19<sup>th</sup> store in Santarém (September 2019). Since the convergence with AKI, many changes have been applied at AKI stores in terms of variety of products, existent services and collaboration between both brands. However, the biggest impact has been on AKI stores, that have been rebranded and transformed into medium-size LEROY MERLIN stores, with an adapted range of products, since June 2018.

Therefore, it is important to guarantee consumers' satisfaction in a merge process and assure that the preferences and quality of service don't decrease. In past research, mergers lead to an overall decrease in brand equity (Jaju *et al.*, 2006), which can be prejudicial to new company, since clients' perceptions are determinant for the success and shopping intentions of the brand. Besides, there are also changes in the store image of AKI, which is an important input in the consumer decision-making process (Nevin & Houston, 1980). Consequently, retailers need to work hard on the reinforcement of the environment in their store, especially when creating a different atmosphere that inspires consumer loyalty for the shoppers at AKI are not used that image.

This project was applied in the retail sector, in the areas of DIY, building, gardening, sanitary equipment, renewable energy and interior decoration. Since the clients' loyalty towards the products and sensibility to the price is noticeable, the retail sector shows to be a fit for this study, and it contributes to the relevance of the topic.

It is important to notice that retail tends to have a strong competition and multiple players, however the home improvement and gardening sector in Portugal is inserted in an Oligopoly. Thus, LEROY MERLIN (post-merge) competes with a small number of companies, so the behaviours and reactions of other competitors need to be considered when making decisions. In this case, we are in an oligopoly without cooperation, which resembles a market of monopolistic competition, where there is an evident trend towards competitive prices. In fact, before the merge, AKI and LEROY MERLIN acted as competitors because of the low presence of players, even though these companies were part of the same group since 2013 (Group ADEO).

However, it is also important to mention that before AKI was the first DIY distribution company in Portugal. AKI was part of a Belgian group, that started its internationalization in Barcelona, Spain in 1988. AKI opened its first store in Portugal in 1990, in Alfragide and in 2003, the company was bought by ADEO in 2003 (the same group of LEROY MERLIN).

## **1.2 Project Objectives**

In this section, the goals of this project are presented:

- To understand the customers' reaction to the first store that was rebranded from AKI to LEROY MERLIN, namely the level of satisfaction towards the current store atmospherics and the rebranding and merge perception;
- To identify the opportunities of improvement of a brand that suffered a recent merge with another brand of the same business and take those findings into consideration for future store remodelling/ rebranding at LEROY MERLIN.

The perspective of consumers should be considered when a company is inserted in a rebranding situation, so that the company can conclude possible improvements based on their perceptions. Not only clients could be more satisfied when their concerns have been addressed, but also the company, that aspires to strengthen their relationship, increasing the medium shopping cart and the intention to return. Consequently, it is key to understand the aspects in the store atmospherics and in the merge process that need to be reconsidered, based on the methodology

used in this project. Once the reasons of dissatisfaction are known, it is necessary to define action measures to adopt, in order to assure that those don't repeat at the new LEROY MERLIN stores.

Regarding store atmospherics, this project allows a deeper understanding of the satisfaction with the different elements. In addition, it will be possible to collect the information regarding the shoppers' preferences: asking if the following atmospheric (lighting, temperature, layout, music, etc) got worse or better after the Torres Vedras store transformation to LEROY MERLIN.

Finally, this project can contribute to merge process in other brands, companies and situations. Although, this is an analysis of a situation of a specific company, this project can provide some insights on how the process was conducted and what were the aspects that needed to be improved.

### **1.3 Project Structure**

The present project is divided in eight chapters and hereby, it is described a brief resume of each one:

**Chapter I – Introduction:** it contains the context of the topic and its importance, the goals of the project and the structure of the project.

**Chapter II – Literature Review:** in this chapter, there will be emphasized the two main topics of this project: store atmospherics and rebranding and merge.

**Chapter III – The merge company context:** it will be presented a brief history of AKI and LEROY MERLIN, their international context, the journey so far as a new company and the market where the company is inserted.

**Chapter IV – Framework and Methodology:** in this chapter, the research questions and hypotheses will be presented and analysed.

**Chapter V – Method of data collection:** it will be explained the questionnaire structure and the sampling used for analysis of this project.

**Chapter VI – Questionnaire data analysis and results:** in this chapter, the data resulted from the questionnaire will be known and analysed. Also, the characterization of the sample, the model estimations and the validation (or not) of the research hypotheses will be presented.

**Chapter VII – Improvement proposals and implications for the company:** in this chapter, there will be presented the improvements proposals based on the results of the questionnaire and an analysis of the environment of the Torres Vedras' store.

**Chapter VIII – Conclusions:** in this last chapter, there will be presented the main conclusion of the project, which are expected to be connected to the improvement proposals and implications for the company.

## **2. Literature Review**

In this chapter, it is conducted the bibliographic review necessary to create a theoretical base that is capable to support the development of this project, through the connection between the subjects covered, namely, retail store atmospherics and rebranding and merge.

Thus, in order to explore the topics mentioned, it is necessary to understand the importance of the store environment and involvement in the shopping process. Retail environment is much more than store design and store image. Visual stimuli are the most common sensory cues in a retail setting, thus retailers can complement those cues with auditory, aesthetic and olfactory cues in order to create a multi-sensory atmosphere (Ballantine *et al.*, 2015; Foster & Mclelland, 2015; Spence *et al.*, 2014). This concept should be considered by retailers since it generates a greater impact on cognition, emotion and behaviour on customers (Spence *et al.*, 2014).

Elements such as store design and store image are congruent with retail atmospherics, by persuading consumers to purchase (Michon *et al.*, 2005; Turley & Milliman, 2000). In addition, windows displays are an opportunity to be creative in department stores and it serves a functional goal by presenting an amount of goods that are sold inside in the case of smaller stores and other sectors. Visual Merchandising contributed to this objective, by drawing a design-led approach to the interior of the store (Kent, 2007). This practice has a wide range of aspects, from planning of floor layouts to the standardization of merchandising signage but it also creates retail environments whom are appealing to shoppers and where the layout creates possible interactions of sensory and tactile experiences for the consumer (Donellan, 1996).

Therefore, it is possible to conclude that window displays and visual merchandising are both important to the emergence of lifestyle retailing, taking into consideration the retail brand and communication for the design in the store setting (Kent, 2007). According to Schmitt & Simonsen (1997) and Kelly (2002), consumers are looking for more personalized experiences in retail and, thus, the three-dimensional sensory experiences have been gaining importance.

In fact, stores no longer serve just for the purpose of shopping but also for socialising and leisure (Hu & Jasper, 2006). Since stores are spaces for purchasing and consumption, they provide an important environment for communication and interaction, allowing these retail environments to be spaces for leisure and consumption (Kent, 2007).

## **2.1 Retail Store Atmospherics**

The environment of the store is crucial to its success and to its representation of the brand itself. The overall space of the store can interfere with the shopper's experience and consequently, to its satisfaction, has been analysed by several studies that we will be followed hereby. Communicating through atmospheric signals has been long considered important in retailing (McGoldrick, 2002).

Kotler (1973) approached the term "atmospherics" as the constant planning of the space in order to create certain effects in its clients, thus, creating a shopping's environment that's affects the customers emotionally, influencing them to buy. In fact, atmospherics should be used as a competitive tool in order to attract the target of that business, and more intensively when the differences of product or price are nominal (Kotler, 1973). Research by Kotler (1973) has provided evidence that these environmental cues can arouse certain perceptions about a store and its image in the mind of the consumers. According to Lunardo & Roux (2015), atmospherics is a concept that describes the design of a specific environment, with the goal of influencing consumers on an emotional level in order to increase purchase intention. According to Puccinelli *et al.* (2009: 24), store atmospherics include the tangible and intangible terms of the design of a store and that can change the shoppers' buying experience. There are many factors that appeal to consumers' sight, hearing, touch and smell in a store that ultimately can influence them in their shopping experiences. Sight is one of the most relevant and influencing dimension. It works through colour, bright, size and form. The hearing capacity influences them through rhythm and music played in the store; odour and touch can impact through softness, temperature and comfort.

Customers today expect a multi-sensory, holistic and interactive shopping experience, which can entertain, stimulate them and affect in the emotional and creative level (Schmitt, 1999; Foster & Mclelland, 2015). Therefore, retailers can design stores that create memorable customer experiences and differentiate themselves from the competition (Petermans *et al.*, 2013). In a store visit, shoppers are looking not only for fast and efficient billing software, visual merchandising but also for the presence of a signage that is clear and informative and quick staff (Ghosh *et al.*, 2010). According to Guenzi *et al.* (2009), this aspect of the atmosphere of the store is related in a positive way to store trust and it consequently originates more positive evaluations of merchandise. Previous studies conducted to the affirmation that the influence the atmosphere of a store can have in the number of items acquired, store liking, amount of time and money spent (Sherman *et al.*, 1997), perceived quality of merchandise and patronage



(Baker *et al.*, 1994); sales (Milliman, 1982), product evaluation (Wheatley & Chiu, 1977), satisfaction (Bitner, 1990), and store choice (Darden *et al.*, 1983). At the same time, this capacity of determining the shoppers' perceptions with store atmospherics can contribute to the increase of customer value, develop the retailers' image and improve performance and patronage intention (Kumar *et al.*, 2010). These aspects result in reducing time, cost and effort in maintaining or getting new customers (Kumar *et al.*, 2010).

### 2.1.1 Store Atmospherics' Components

Taking into consideration previous research on this topic, Berman & Evans (2010) divided the surrounding's stimuli into 4 categories: store's exterior, the inside, layout and design variables, point-of-purchase and decoration. However, Turley & Milliman (2000) have proven evidence of a fifth category in Berman & Evans' model, by adding the human variables, giving a complete and realistic point of view of the consumers' stimuli.

*Table 1: Store Atmospherics' Stimuli*

<b>External Variables</b>	<b>General interior variables</b>	<b>Layout and design variables</b>	<b>Point-of-purchase and decoration variables</b>	<b>Human Variables</b>
<ul style="list-style-type: none"> <li>- Exterior Signs</li> <li>- Entrances</li> <li>- Storefront windows</li> <li>- Height of the building</li> <li>- Colour of the building</li> <li>- Surrounding stores</li> <li>- Gardens</li> <li>- Location</li> <li>- Architectonical style</li> <li>- Surrounding Area</li> <li>- Parking</li> <li>- Traffic</li> <li>- Exterior walls</li> </ul>	<ul style="list-style-type: none"> <li>- Floor and Carpets</li> <li>- Colour scheme</li> <li>- Music</li> <li>- Lighting</li> <li>- Odour</li> <li>- Width of aisles</li> <li>- Wall composition</li> <li>- Paint and wallpaper</li> <li>- Type of ceiling</li> <li>- Merchandise</li> <li>- Temperature</li> <li>- Cleaning</li> </ul>	<ul style="list-style-type: none"> <li>- Design and space allocation</li> <li>- Product assortment</li> <li>- Furniture</li> <li>- Waiting areas and rooms</li> <li>- Placement of cash registers</li> <li>- Department locations</li> <li>- Flux of traffic</li> <li>- Waiting lines</li> <li>- Dead areas</li> </ul>	<ul style="list-style-type: none"> <li>- Point-of-purchase displays</li> <li>- Signage</li> <li>- Artwork</li> <li>- Wall Decoration</li> <li>- Price Displays</li> <li>- Teletext</li> </ul>	<ul style="list-style-type: none"> <li>- Staff's characteristics</li> <li>- Uniforms</li> <li>- Crowding</li> <li>- Clients' characteristics</li> <li>- Privacy</li> </ul>

Source: Adapted from Turley, L. and Milliman, R., 2000

Posteriorly to Turley & Milliman's (2000) research, Baker *et al.* (2002) grouped the following stimuli (previously five groups) into three categories: environment, design and social. The environmental factors include the external and internal variables, the design category corresponds to the layout and design variables as well as the point-of-purchase and decoration variables and lastly, the social factors are related to the human variables.

In this project, the literature review will be focused on the internal variables, however the external variables related to the front door will be considered, since the outside of the store changes in a rebranding process.

Regarding the external variables, it is possible to include the store's frontage, entrances, the exterior display windows, architecture of the building, surrounding area and parking availability, according to Turley & Milliman (2000). This is one of the three dimensions that can influence the consumers' mind, specifically by attracting him to the store and influence him to browse the store and make a purchase.

Other authors studied the impact of the external aspect of the store for the consumer. The research conducted by Ward *et al.* (1992) consisted in the analysis of the design prototypes of a store. Pinto & Leonidas (1994) have proven evidence that parking spaces and location influence the consumers' perception of quality while Edwards & Shackley (1992) and Sen *et al.* (2002) investigated the effects of storefront windows. These last authors (2002) conducted a study in a fashion store, where they discovered that the decision of entering the store is strictly connected to what the storefront windows transmits to the shoppers.

There is also evidence that external variables can influence consumer behaviour (Cornelius *et al.*, 2010). These variables represent the first contact with the shopper and if not considered properly, the other environmental variables can be forgotten (Turley & Milliman, 2000). Internal and external elements of a retail environment should co-exist in a harmonic way, in order to capture new clients and maintain the usual ones.

### **Internal Variables**

There is a list of variables that should be taken into consideration when analysing store atmospherics, which are important to the increase of the shoppers' experience. Factors such as décor, light, music, smell can create a full immersive brand experience. In fact, visual, tactile and intangible elements in a physical retail space can influence shoppers' purchase intent, money spent, the way clients browse, and time spent in the store.

### **Scent, Temperature and Cleanliness**

There has been conducted research on the effect of scent in the money spent and product and store evaluations to the consumer, however there are still many questions to be answered. According to Mohan *et al.* (2013), scent and music are proven to increase pleasure levels. The main effects are creating positive influences in the approach behaviour and satisfaction in the overall shopping experience. (Morrison *et al.*, 2010). Examples of businesses that are mostly

using scent as a way to attract customers are specialty stores like: bakeries, coffee shops, tobacco shops, and popcorn and nut shops (Borowsky, 1987; Shappro, 1986; Simmons, 1988).

In this topic, we are talking about ambient scent, which means a scent that is not being emanated by an object itself but from the whole environment. This has more impact than scents in particular objects since with the ambient scent it is possible to affect the evaluation of the store and its products, even those whom are not easy to scent (e.g., office supplies and furniture; Gulas & Bloch 1995).

In particular, scent generates affective reactions in the consumers' minds since they are firstly processed in the brain's limbic system, the centre of emotions and memory (Bosmans, 2006; Ehrlichman & Halpern, 1988) and it disperses directly through multiple parts of our brain instead of being processed centrally first. Essentially, scent is a sense that cannot be easily turned off since it is such a direct and basic sense (Herz, 2010). These pleasant scents can produce a pleasant environment and mood, resulting in the reduction of environmental annoyances present in stores (Herz, 2007).

Due to the direct way that scents are linked to the brain, this sense is capable to carry semantic associations. Consequently, it is learned through repeated exposure to different smells in different contexts, and that can be triggered and then lead to increased mental accessibility of those concepts (Holland *et al.*, 2005; Krishna *et al.*, 2010; Mitchell *et al.*, 1995). For instance, there are studies that proved that a pleasant masculine and feminine ambient scent, respectively, can provide better evaluations, intention to browse and more money spent in the consumers' minds (Spangenberg *et al.*, 2006).

For instance, messy stores create negative perceptions into their customers (Baker *et al.*, 2002), however when diffusing pleasant scents related to neatness (lemon tangerine), shoppers don't perceive the store as messy (Doucé *et al.*, 2014). On the opposite, if the scent is not related to neatness (such as black cherry scent) the context of a messy store is perceived to the clients.

Klara (2012) suggests that the form that retail stores are emitting those scents is through heating, ventilating and air conditioning systems in stores (Jimmy Choo, Sony), hotels (Sheraton, Marriott) and banks (Credit Suisse). For instance, Nike has affirmed that the presence of scents in stores increased 80% the intention to purchase (The Independent, 2011).

In fact, environmental psychology refers the existence of a holistic interiorization of a retail environment. Consequently, the holistic perspective means that the ambience is captured in a

global way, but the individual understands specific dimensions of stimuli from the ambience around him/ her. Therefore, these stimuli can generate different answers in the individual.

Scent and music together have been studied by Mattila & Wirtz (2001) and Morrison *et al.* (2010). In Mattila & Wirtz's (2001) research, two pleasant aromas were used along with classical music (from low and high intensity). The scent of lavender used with classical music of low intensity can be considered as a relaxing aroma, with smoothing properties; the grapefruit along with classical music of high intensity can be refreshing and improve mental clarity and awareness.

This shows that scent and environment music are working simultaneously, harmonically. When consumers are assessing the quality of a retail space, these two factors give them a more positive "review" in terms of approach, intention to buy and satisfaction in the shopping experience. On the contrary, when music and odour are congruent, these quality emotions and more positive assessments are not registered (Mattila & Wirtz, 2001).

Moreover, Morrison *et al.* (2010) studied the relation between in the emotional states of young women between the volume of the music and the scent of vanilla in a fashion shop. The main conclusions of this research are the satisfaction levels are superior, which results in a positive influence in the consumer behaviour in the following aspects: time and money spent in the store, behaviour of approach and satisfaction in the shopping experience.

The research of Morrison *et al.* (2010) and the study of Mattila & Wirtz (2001) showed congruency between the higher level of satisfaction between the presence of the scent and music in a retail store. In fact, scent and music is felt when there is a higher level of satisfaction, money and time spent.

Besides, other interior variables in atmospherics should also be considered, such as temperature and cleanliness.

Regarding service environments, cleanliness is a determinant element of overall customer satisfaction, perceived service quality and intention to return (Barber & Scarcelli, 2010; Pizam & Tasci, 2018; Wakefield & Blodgett, 1996). It also impacts customers' first impression of the environment and organization (Harris & Sachau, 2005; Vilnai-Yavetz & Gilboa, 2010) and ultimately, is also considered the most serious service failure because cleanliness is the environmental dimension that is perceived by consumers as the most cheap and easy to control (Hooper *et al.*, 2013).

Besides being considered as a hygiene factor, allowing to maintain sales and customer satisfaction (Vilnai-Yavetz & Gilboa, 2010), cleanliness was proven to have a positive influence on internal and external customer responses (Pizam & Tasci, 2018; Vos *et al.*, 2018).

## **Music**

Regarding the music environment of a store, it reveals itself as something mandatory in a store and that helps to create the desirable environment for shopping. In fact, music can be the reason why costumers stay longer and spend more money (Milliman, 1982).

Previous research has confirmed the power of music on manipulating consumers' feelings (Morrison & Beverland, 2003). Music can be effective since it can improve the evaluation of the in-store environment and can also reduce negative emotions related to waiting time and consequently, it can generate positive reviews of the store's service (Hui *et al.*, 1997).

Music has an effect that makes shoppers respond to it psychologically and behaviourally (Yalch & Spangenberg, 1990). Therefore, music as a variable in consumer behaviour is a common object of study, by representing a key variable in terms of retail environments (Milliman, 1982; Yalch & Spangenberg, 1990). The Stimulus-Organism-Response (S-O-R) paradigm (Mehrabian & Russel, 1974) has shown that music has shown its capacity to generate acceptance or rejection of the consumer and it can also contribute to the achievement of the business' goals.

It is controllable and can be classified in different dimensions: smooth or loud (in volume), slow or fast (in rhythm), sang or instrumental, classical or contemporary, and others (Milliman, 1986).

Regarding the volume, Smith & Curnow (1966) conducted a study in two big supermarkets in order to understand the effects on consumers' behaviour during shopping. These authors concluded that time is strictly related to the time shoppers spend in the store. Smooth music makes consumers spend more time in the store, while loud music has the opposite effect. Even though it was possible to prove its influence on the shoppers' behaviour, there was no difference in sales or satisfaction.

The rhythm of music can influence the movement of clients in the store and daily sales (Milliman, 1982). This has two possibilities: either it will retard clients' movement so they tend to shop longer and spend more money; or it would generate the opposite effect, meaning that the clients move around the store in order to increase their sales. Therefore, music needs to match the business goals and specific context of the market (Milliman, 1982).

It has been proven that slow rhythmic music has a positive effect on sales, while low rates of sales have been associated to fast paced music. Indeed, when clients move slowly around the store, they have the probability of buying more and the opposite happens as well. Consequently, Milliman's research (1982) has proven that sales are directly influenced by the rhythm that is playing in the background of a store.

Yalch & Spangenberg (1990; 1993) went further on the search for the effects of music on the customers' store experience. These authors consumers' musical preferences were able to consider the consumers' musical preferences and the connection between the music of the store and shoppers' demographics. For this reason, Yalch & Spangenberg (1990) conducted a field study where young buyers, in the age of less than 25 years old, and older buyers, with more than 25 years old were subject to a background music and first plan music (contemporary) in a clothing store. As a conclusion of this study, shoppers felt that they were spending more time than expected in the store, when exposed to the music that was not of their preference (which is first plan music for the older buyers and background music for younger buyers). However, it was not possible to determine if customers were spending more time or the same time in the store, but their perception of the time they spent.

Regarding demographics, specifically in sex, it was possible to determine that in the ladies' department, it was more likely for female shoppers to spend more money when a background music was playing, even though their preference is first plan music. In the gentleman's department, the opposite was registered, since it was more likely for men to purchase to first plan music playing.

On the other hand, age was also a factor to take in consideration. It was possible to verify that adult buyers (under the age of 50) preferred first plan music, on the other hand older buyers (over the age of 50) preferred background music.

Besides the previous findings, the study showed that adult buyers spend more time in the store when listening to background music but spend more money when listening to first plan music. Consequently, the recommendation of the researchers is to play different styles of music in stores in order to capture clients with different ages.

In fact, there was a lack in this type of research regarding the type of music that empowers the buying-intention. Areni & Kim (1993) answered to that question by studying music and wine consumption and its sales. Indeed, consumers spend more money in a wine store when listening to classical music instead of Top-forty music. The results about the impact of background music

in sales and number of items bought lead clients to buy expensive wines instead of buying in quantity. Despite, the number of articles examined, touched and bought in the self and the amount of time spent is not influenced by the music playing in the background.

On the other hand, loud music can create a negative influence in the customers of the store, by being loud (d'Astous, 2000) or improper (Bitner, 1992).

Therefore, music in a store can be impactful in numerous consumer behaviours such as variations in sales, shoppers' perceptions of the retail space, movements around the store and time spent in the store (Turley & Milliman, 2000). Regarding the aspect studied regarding store atmospherics, music can influence consumers according to their age (Yalch & Spangenberg, 1990, 1993), gender (Yalch & Spangenberg, 1993), the rhythm (Milliman, 1982, 1986), volume (Smith & Curnow, 1966) and use of first plan or background music (Yalch & Spangenberg, 1990, 1993; Areni & Kim, 1993). Consequently, a possible conclusion can be drawn consumers are never on their own while shopping (making their own decisions), since external aspects can influence their behaviour, intention to buy and even the money that they are willing to spend.

### **Lighting**

In the continuous search to create a desirable retail atmospheric, lighting is a key factor for the shopping experience. Besides being responsible for the visibility at a store (Pegler, 2010), lighting is crucial in providing a quality experience in that environment. In research conducted by Quartier *et al.* (2014), it was proved that lighting can be used to change the atmosphere and can contribute to the creation of a specific store experience, therefore it is a valuable asset in order to have a successful retail environment.

The use of lighting is so determinant in influencing costumers' emotions that Wiid (2012) came to prove that different styles of lighting can produce different store atmospheres. Quartier *et al.* (2014) go further stating that realistic illumination can affect the way shoppers perceive the store itself.

However, if the lighting scheme is not used correctly, it can induce negative affect on the shopper, essentially when it prevents shoppers from seeing clearly the products (Mohan *et al.*, 2013) or the halls at the shop itself.

Well-designed lighting systems can bring an added dimension to an interior, guide the customer's eyes to key sales points, create an atmosphere of excitement and induce positive affect (Park *et al.*, 1989). Lighting and music together evoke positive affects (Yoo *et al.*, 1998).

According to Bell & Ternus (2012), Lighting is crucial to describe and define a retailer's brand identity and image. According to these authors, lighting is used to create a feeling or a mood towards the merchandise.

It has been proven by Pegler (2010) that clients tend to move towards spaces where is lighter. Besides that, light can also make shoppers come into a store, attracting them to the inside, circulating and make them buy (Summers & Hebert, 2001).

In conclusion, lighting can be an advantage for retailers, by creating certain perceptions in the consumers' minds. Consequently, this factor plays an important role in crafting the perfect store atmospherics for shoppers (Binggeli, 2010).

### **Colour**

Another aspect worth to be considered in a store environment is colour. This is not only present in the merchandise itself, but also on the surroundings (Hefer & Nell, 2015), which means the colour of the store communication and staff's uniform can determine shoppers' perceptions. According to Gupta & Tandhawa (2008), colour is the best feature in terms of store atmospherics to get customers to visit a store and create an appealing environment. In fact, colours are able to communicate many emotions and create different connotations according to different cultural and/or social lenses (Ebster & Garaus, 2011). Using colour starts in the creation of a logo, in signage, merchandise and window displays (Hefer & Nell, 2015).

There are many ways to use colour with the aim of influencing customers. Bell & Ternus (2012) have proven evidence that colour can be used as way to attract customers into a store and make them circulate around it.

Also, it is possible to divide the use of colour into two parts of the store: interior and exterior, such as in the signage, merchandise and walls (Poloian, 2013).

Analysing the possibilities of different colour such as gold, yellow and red, that are most likely to create energetic, hot and dynamics responses, while green, blue and white can have a calming effect on consumers (Pegler, 2010).

Furthermore, colour is one of the aspects that consumers notice firstly when entering a store and consequently, it is crucial for retailers to communicate with consumers (Bell & Ternus, 2012). Indeed, colours play an important role since it can arouse feelings and emotions that can activate certain memories and experience to its customers (Gobé, 2009:79).



Therefore, it is important for retailers to understand the use of colours' mental and emotional meaning and understand how consumers perceive them (Hefer & Nell, 2015). Retail is a sector known for its challenges and one of them is being able to create a satisfying and relevant experience to its clients – thus, knowing the effect of colours on consumers' perceptions can contribute to that same goal (Pegler, 2010; Gobé, 2009).

### **Design, store communication and layout**

Indeed, brands can communicate with their target shoppers in multiple ways and one of the most important form of communication towards customers is happening inside the store. In this part of the shoppers' journey, they are standing in front of information and different types of stimuli mentioned beforehand, in order to encourage them to buy.

The communication inside the store, known as in store marketing, has notorious effect on visual attention, according to Chandon *et al.* (2009). This aspect can demonstrate that an effective signage can improve the customers' experience and their urge to buy. According to Bitner (1992) it is more likely to create a positive experience in a retail environment when the shoppers can find out the products they are searching for, in a more logical layout and efficient signage.

Spies *et al.* (1997) concluded that a good store layout helps shoppers finding the articles and information they need more easily. Besides that, it can also make the shopping experience less stressful (Baker *et al.*, 2002), which results in a more enjoyable experience.

Regarding the design and layout of a store, Mishra *et al.* (2014) concluded that these elements can positively impact customers' emotions: layout and overall structure, interior decoration, clarity of the signs and the clear information and display of products in the corridors. Taking this into consideration, the same author recommended the design of the overall layout based on the shopping customers' mood by making them feel relaxed and promoting positive feelings. Besides, the store should also include clear and explicit signs and the indications of other functional facilities.

### **Visual Displays**

Besides the relevant aspects such as lighting and colour for creating an unforgettable customer experience, visual displays should also be considered, specially nowadays where stores are getting more technological. According to Hefer & Nell (2015), who has studied this topic, these displays are also seen in a visual way by the consumers.

According to Colborne (1996), visual displays are used to decorate the store, since it adds viability aiming to increase sales of certain merchandise, through colours, posters, light effects and many more.

In fact, this is a strategic tool for retailers since it can contribute to the stimulation of sales, by catching the attention of customers (Hefer & Nell, 2015). Visual displays also create a competitive advantage not easily replicated, since the environment created is applied in a unique way to that store, with the store's merchandising and image (Bell & Ternus, 2012).

According to Hefer & Nell (2015) visual displays are responsible for customers' first impressions of that particular store, and if the visual appearance of the store is satisfactory and the merchandise is attractively presented it can entice customers to get in, browse the store and finally make a purchase. Besides, the same authors have proven evidence that visual displays use the most influential human sense (sight) to appeal to consumers' cognitive and emotional senses. They can also be used to increase sales by keeping the shoppers in the store and direct them to certain products. This is only possible when retailers understand the consumer perceptions towards visual displays and then make decisions about the results. In addition, visual displays are used with different functions, such as attracting customer to the store, announcing sales/ promotions or present a new season (for clothing for instance). In some cases, retailers have storefront windows, which is one of the most recognised and cheapest way of promoting themselves. Hefer & Nell's research (2015) show that storefront windows aim to communicate in a visual way to the customer, appealing to his senses and stop them when they pass by to stare at the store.

Some stores don't have the possibility to display storefront windows, however there are other ways through the store where retailers can use visual displays, such as "in-store displays on shelves or fixtures, stock displays and point of purchase displays" (Wiid, 2012).

For instance, retailers can use the visual merchandise principles, such as assorting products in a symmetrical order, from size or colour, creating an intriguing feeling to clients because of its products' "perfect" implantation. Another example for a furniture store can be the creation of realistic environments, where clients can explore the scenario, touch it and imagine in their mind how those products would look in their own houses. Indeed, consumers are visual human beings, therefore everything that can catch their eye should be considered in a store.

## **Human Factors**

Since the beginning of modern retailing, stores were not only places for shopping but also for socializing (Skoll, 1999). Indeed, the human variables in a retail environment have gained a big importance over the years and it can either improve the customers' experience or the opposite.

Turley & Milliman (2000) identified the importance of human variables on setting a store atmosphere. The employee factors (Turley & Milliman, 2000) include staff's attributes such as employee characteristics, employees' garments, customer characteristics, customer congestion and density, and privacy. In other words, factors such as Employee characteristics, Employee uniforms and Retail's crowding and density can define the consumers' behaviour in a retail store.

### ***Staff's influence***

Even though e-commerce has been impacting our consumption habits, by registering 1.8 billion people worldwide buying goods online in 2018 (Statista, 2019), a sales person's behaviour contributes to the creation of positive feelings in a consumer even in small aspects, such as smiling and showing availability (Mattila & Enz, 2002). Therefore, the number, appearance and behaviour of employees can contribute to the definition of a shopper's perception of the store (Baker, 1986).

Firstly, the number of employees represents an important factor since it contributes to the consumers' perception regarding the store (Wicker, 1973). According to Marques *et al.* (2013), the insufficiency of employees results in an unbalanced environment within store, since the store's staff is not enough for the development of the business. Also, the number of employees is also critical for the assessment of service quality in the consumers' minds (Mazursky & Jacoby, 1986). Additionally, the lack of salespeople can cause a negative effect on the shopper (Jones, 1999). In fact, the number of salespeople is crucial for consumers to assess the quality of the service (Mazursky & Jacoby, 1986).

According to Jones (1999), the employees of a store contribute to entertaining store's experiences. In fact, the personnel are an influence in clients' attitudes regarding merchandise and service quality (Hu & Jasper, 2006), therefore customer service still remains crucial for a quality shopping experience. In fact, if the staff's behaviour is friendly to its shoppers, it is more likely to be created a more active and arousing store atmosphere (Baker *et al.*, 1992). Also, shopping can be considered a social activity and the customers' emotions are also influenced by the staff's emotions in the store (Ellsworth, 1994).

The linkage between sales staff and the brand (represented by the selling store) is noted, since it is seen as something indistinguishable in the mind of the consumer (Crosby *et al.*, 1990). That's the reason why employees are so important in the construction of a brand, since they are the face/image of the brand to its shoppers.

### ***Retail's social environment***

The social factors are associated to retail's environment influence customers' perception evaluation and behavioural responses (Mishra *et al.*, 2014).

An important aspect on the in-store social environment is crowding. In a retail setting, crowding is represented in two components: actual shopper density and perceived crowding (Harrell & Hutt, 1976). According to Machleit *et al.* (1994:183), the perception of crowding resides in the individual and it occurs when density interferes with consumers' activities or when the number of environmental stimuli exceeds coping capacities.

Research on crowding has been conducted, showing that it can affect customer responses in a positive and negative way, such as time spent in the store, quantity purchased and satisfaction (Machleit *et al.*, 1994:183).

Nevertheless, some authors reported that human crowding perceptions in a store and shopping satisfaction can be positively related (Eroglu *et al.*, 2005; Pons *et al.*, 2006).

These contradictory results can be explained by the shopping context. In utilitarian retail settings, such as banks and supermarkets, crowding is perceived as adversely negative (Machleit *et al.*, 2000). In hedonic shopping experiences, such as theme parks, discos and restaurants, crowding can produce positive shopper reactions (Pons *et al.*, 2006; Tse *et al.*, 2002).

Social factors in a store setting are not easy to control by retail companies. Therefore, in retail settings that have high traffic such as malls, it is crucial to provide a comfortable and spacious shopping environment. One of the possible measures is creating wider halls to facilitate shoppers' circulation but also creating proper lighting ambience, adjusting the rhythm of the background music and adding greening, in order to alleviate crowding (Park & Zhang, 2019).

## **2.2 Rebranding and Merge**

Mergers, the consolidation or unification of two organizations into one economic unit, and acquisitions, which happens when one organization acquires ownership control of other organization or business unit (Öberg *et al.*, 2007), have been increasing their popularity in business. In this project, there will be approached the merge practice, since it corresponds to

the company's situation that is going to be analysed. The most common type of merge is the horizontal M&A that happens in the same industry and often between direct competitors (Krishnan & Park, 2002), that is also the case of this project. Although, this phenomenon has been expanding in the business world, there is an estimated high failure rate of mergers between 50 and 70% (Fost, 2004). Consequently, this topic is relevant to approach in this project, in order to study the factors that influence the success of this business practice.

M&As have been studied by several authors, such as Erel *et al.* (2012) in finance and Haleblian *et al.* (2009) and Cartwright *et al.* (2012) in Management, but not in a Marketing perspective. This may happen because managers are often overwhelmed with internal issues and because of that, companies can start neglecting customer-related tasks (Hitt *et al.*, 1990). The companies' internal orientation can also result in a decline in service quality (Urban & Pratt, 2000), which is also another important asset to assure customers' satisfaction. In fact, Bekier & Shelton (2002) stated that there is a considerable risk of losing customers in M&A, since they can start feeling uncertainties about the future relationship with the merging firms, for instance in prices, products and services' quality and persons in contact (Homburg & Bucerius, 2005).

Therefore, the importance of marketing for M&A performance started to be studied, in order to help organizations achieve better results. Jaju *et al.* (2006) contributed to the research on the consumers' perspective, by understanding how consumers react to different corporate branding alternatives, after a merger between two companies. In fact, their study shows that brand equity often decreases in merger processes for those corporate brands. Judgments regarding the recent merged brand can reflect consumers' prior attitudes toward each of the firms (Simonin & Ruth, 1998; Washburn *et al.*, 2004), on whether consumers agree on the companies' fitting (Simonin & Ruth, 1998) and their perception on the merger itself.

Another reason for the failure rate in M&A is the fact that companies get overwhelmed with some elements such as ongoing negotiations, legal and regulatory issues, and financial details. Also, these companies can be affected by word of mouth or media and thus affect consumers to percept mergers in a negative way (McLelland *et al.*, 2014). Besides, loyal consumers to the pre-merged brand show dislike regarding the process (Thozhur *et al.*, 2007). Given this complex process, companies consequently overlook other important aspects of a merge: stakeholder groups such as consumers (Balmer & Dinnie, 1999; Kumar & Blomqvist, 2004).

According to McLelland *et al.* (2014), when a merge occurs, the positive equity of the brand can be at risk, if managers don't work on the preservation or transference of the positive equity to

the new merged brand. Therefore, if there is a confirmation of inferior service deliver quality after a merger, there is a high possibility that it can affect negatively the brand's image and overall brand equity (Mclelland *et al.*, 2014:618). Consumers may have an initial view of the brand, thus, before the merge, their view is likely to change, according to the announcement of the merger and the brand image valence of both pre-merger brands. Therefore, the mentioned authors developed a study that focuses on the interplay between brand valence and consumers perspective, both before and after a merger announcement. Besides, these authors explore the role of perceived fit in the merger context. One of the research points indicates that consumers tend to react positively when the original brand of the merge is seen as negative, which means that consumers see the merge as a positive change and an improvement for the pre-merge brand. On the opposite hand, consumers tend to react in a negative way when the original brand of the merge is positive.

The same authors (Mclelland *et al.*, 2014) advise companies to consider the brand attitude and service perceptions before merging with other company. For this reason, the authors recommend that a set of metrics be used, in order to assess the elements for the merge success, such as "(...) service quality, brand attitude, customer satisfaction, brand loyalty (...)" (Mclelland *et al.*, 2014: 629).

Based on the research conducted by the mentioned authors, it is possible to systematize the observed variables and dimensions and how the authors measured them. These variables were used as a basis for the questionnaire applied at the store. The dimensions are detailed in Tables 2 and 3.

**Table 2: Dimensions, items and sources regarding rebranding and merge, according to some authors**

Items	Observed variables	Sources
2 (branding strategy: one-brand/two-brand strategy) x 2 (perceived fit: high/low fit) between-subject design is used with branding strategy and perceived being manipulated and participants' product knowledge being measured.	Frequency of visit	Hsu, 2017
Product category knowledge is measured through 3 items using a seven-point scale proposed by Park <i>et al.</i> (1994). The 3 items are: <i>When compared to other people, I know a lot about this product category</i> <i>My friends consider me an expert regarding this product category</i> <i>I consider myself very experienced with this product category</i>	Type of client	Hsu, 2017
The survey instrument that was developed for this study employed a strongly disagree-strongly agree, five-point Likert scale: <i>I say positive things about X to others</i> <i>I make an effort to use X for all of my eyewear shopping needs</i> <i>I prefer to buy my eyewear from X than from other retailers</i> <i>When buying eyewear, X is my first choice</i>	Brand Loyalty	Broyles <i>et al.</i> , 2011
7-point Likert scale: <i>I have a good opinion of A/ B</i> <i>I have more positive than negative ideas about A/B</i>	Brand Image	Collange, 2008
Perceived fit is manipulated by developing profiles of two companies that represent two different fit situations (high fit/low fit) in terms of company size, prices, and customer services. Attitude toward the merger (AM) is measured through 5 items using a seven-point scale proposed by Aaker & Keller (1990): <i>After reading the information about the two companies and the merger situation, how do you feel about the merger between Company A and B?</i> Those five items are bad/good, disapproved/approved, mismatched/matched, negative/positive, and unpleasant/pleasant.	Perceived brand fit	Hsu, 2017
In the last question of the questionnaire, participants were asked to express their overall perception of airline services since the merger, with same five-point scale, with 1 being equivalent to "Less satisfied" and 5 to "More satisfied."	Overall satisfaction with the brand	Lee <i>et al.</i> , 2006

**Table 3: Dimensions, items and sources regarding store atmospherics, according to some authors**

<b>Items</b>	<b>Observed variables</b>	<b>Sources</b>
<p>Bitner (1992) - 5-point Likert scale:  <i>The background music played in the stores is soothing</i>  <i>The type of music which is played at stores is the kind of music I usually listen to</i>  <i>The existence of music increases my well-being and comfort</i></p>	Music	Mishra <i>et al.</i> , 2014
<p>Bitner (1992) - 5-point Likert scale:  <i>The lighting in the store makes the merchandise more attractive</i>  <i>The lighting in the store makes me evaluate the quality of merchandise</i>  <i>The overall lighting at the store is adequate</i>  <i>The better the lighting, the more comfortable I am</i></p>	Lighting	Mishra <i>et al.</i> , 2014
<p>Bitner (1992) - 5-point Likert scale:  <i>The quality of air in the store makes me relaxed</i>  <i>The cleanliness of the store attracts me towards the store</i></p>	Odour & Cleanliness	Mishra <i>et al.</i> , 2014
<p>Bitner (1992) - 5-point Likert scale:  <i>The corridors within the store allow for good circulation</i>  <i>The store has sufficient space to locate my product easily</i>  <i>The product organization allows me to identify the location of products easily</i>  <i>Location of each section within the store is important</i>  <i>Store displays allow me to see the available products more easily</i></p>	Layout	Mishra <i>et al.</i> , 2014
<p>The construct of store atmosphere was measured using the scale provided by Bitner (1992) - 5-point Likert scale:  <i>The overall ambience in the store increases my duration at store</i>  <i>Each section of the store is properly managed</i>  <i>The furnishing of the store is very comfortable</i></p>	Design	Mishra <i>et al.</i> , 2014
<p>7-point Likert scale:                      (1 = “strongly disagree”; 7 = “strongly agree”):  <i>This store seemed very crowded to me</i>  <i>This store was a little too busy</i>  <i>There was much traffic in this store during my shopping trip</i></p>	Crowding and Staff	Mishra <i>et al.</i> , 2014



## **2. The merge company context**

In order to better understand the company that is the object of study in this project, it is necessary to understand the context it is inserted and the reasons of the rebranding between the two brands. Therefore, both companies will be presented, as well as their main differences in the market, in terms of advising, store concept and layout.

### **3.1 Companies' history and internationalization process**

As mentioned before, LEROY MERLIN is inserted in the DIY sector, it was created in 1923 and it is present in 12 countries with about 400 stores. The company is part of a French multinational group called ADEO. The groups' origin starts in France with Adolphe Leroy and Rose Merlin starting the company *Au Stock Americain* to resell the American surpluses left by the Allies after the war. In 1960, the company adopts the name "LEROY MERLIN" and it creates the free delivery service in stores and opens the first do-it-yourself sales area. From there, a story of acquisitions and partnerships contributed to the growth of the group. Therefore, in 2007, the LEROY MERLIN Group changed its name to GROUPE ADEO and in 2014, to ADEO. Today, ADEO has 14 companies and it is present in 15 countries, such as Russia, China and South Africa, with 800 points of sale and a registered sales volume of 23.1 billion euros in 2018.

In Portugal, LEROY MERLIN opened its first store in Gondomar in 2003 and then quickly spread into the country, gaining its importance in the market. At the moment of the merge, it had 15 stores in Portugal.



*Figure 1: Partial view of LEROY MERLIN store*

Source: <http://www.magazineimobiliario.com/wp-content/uploads/2018/07/LM-Aveiro-800x445.jpg>

AKI was part of Group GIB, a Belgian conglomerate that had multiple insignias in retail and restaurant chains. This group was later dissolved by Carrefour Group S.A.

AKI began its internationalization in Spain, most specifically in Barcelona, and it has been present in Portugal since 1990. AKI's first store in Portugal was in Alfragide, a store that rapidly became a success in sales, for its localization and flow of customers.

In 2003, AKI was bought by ADEO, resulting in the expansion of its activity in the distribution of DIY products to medium-size stores, thus complementing its business in the sector. Over the years, AKI continued with its expansion plan in Portugal, completing the year of 2019 with 38 stores. Besides, it is important to refer that AKI was distinguished with the award “*Escolha do Consumidor 2019*”/ “Consumers’ Choice 2019” in the category of DIY, decoration and garden shops for the 3<sup>rd</sup> consecutive year.



*Figure 2: Partial view of AKI store*

Source: <http://www.hipersuper.pt/wp-content/uploads/2018/02/aki.jpg>

### **3.2 Store concept and layout**

AKI stores have a differentiated complex of stores with dimensions going from 1.000m<sup>2</sup> in localities and small cities and metropolitan centres, to 4.000m<sup>2</sup> in small, medium and large cities. On the other hand, LEROY MERLIN stores have more than 5.000m<sup>2</sup> and these are located outside of the urban centres, close to commercial or industrial areas of cities. Taking into consideration the store layouts, the height of AKI stores is usually smaller, since most stores are inserted in shopping malls or retail parks, while LEROY MERLIN stores are usually located outside of the urban centres and for that reason it has larger stores. Despite the difference in height, AKI has wider halls, with more space in central aisles than in LEROY MERLIN, where the product range is allocated in narrower corridors and with higher exhibitors and shelves

displays. Also, LEROY MERLIN has a bigger set of exposition areas, mostly at the entrance of the store, which is called podium and that changes based on seasonal needs, as seen in Figure 1.

Since the stores' location is more convenient for the consumer, AKI promotes the local business, by being close to the community and its customers. It aims to meet the customer's basic do-it-yourself needs, such as changing a light bulb or fixing a bathroom tap. At LEROY MERLIN, there is offered the complete solution for the projects of all inhabitants, starting in the design of their projects until the delivery and installation of all the solutions provided.

Concerning the prices of both brands, there is a clear difference between them. AKI promotes the trust price, which represents "Quality at the best price" and consequently, there is a tendency to communicate prices in yellow boards, which leads customers to think of promotions and low prices. On the other hand, LEROY MERLIN stores promote low prices in the designated outlet campaigns, happening usually after Christmas and before the store inventory in September.

Another difference between both brands is the organization of the departments and sections within the store. At AKI, there are more specialized departments, that are organized to meet consumers' needs in an everyday basis. Besides, the employee advisement is more general and there is no clear division of the departments, as all employees have a minimum knowledge of any product category in the store. At LEROY MERLIN, the sections (for its dimension) of the store are organized in more broad terms, such as the comfort section that includes plumbing, electricity and heating, while in AKI the naming of the departments is separated. Regarding the employee advisement, the main difference is that employees are specialised in one section and can only provide customer support in that section. This creates a break in the customer's journey through the store. Let's take as an example that a customer goes to the kitchen section because he wants to remodel his kitchen. However, he also needs to change the tiles in that same room, but for that he needs to go to another section of the store and be advised by another employee in order to complete his order.

Present in 15 countries and in constant growth over the years, ADEO became the first French economic power on the European Market and the third on the market worldwide. The group's strategy to better serve customers, resulted in a join of forces between the insignias and start operating with 3 brands dedicated to each of the areas: professionals, inhabitants who value the

kitchen and decoration and inhabitants who want to improve their habitat. It is in this context that the convergence of AKI and LEROY MERLIN is born in Portugal.



*Figure 3: Location of LEROY MERLIN stores after the merge in Portugal*

Source: Internal document of the company

The merge process, happening simultaneously in Spain and Portugal, started in 2018 and it will be concluded in 2020 and 2021, respectively, however the juridical merge was only celebrated in January 2019. In both countries, the LEROY MERLIN brand is overlapping the AKI brand, thus the concept of multiformat is born. In this multiformat version, new store concepts emerged, with different dimensions and formats, with an adjusted range of products. The formats vary from the smallest (between 400 and 1000 m<sup>2</sup>) to the largest stores (5,500 and 7,500 m<sup>2</sup>). As seen in Figure 3, after the merge of the two brands, the new company LEROY MERLIN gained a group of 50 stores, since it includes the ex-AKI stores. Until 2021, a plan to transform AKI stores will be underway, gradually giving way to new stores under the LEROY MERLIN multiformat concept. Indeed, this fusion process will be tested and may suffer changes along these years.

Currently, LEROY MERLIN has 5.000 employees, 50 stores and 50.000 product references in stock. The ambitions of the new brand are to (1) reinforce the Local DNA, by being present in cities with at least 20,000 inhabitants; (2) complete the transformation of the stores, with a strong impulse in internal promotion; and (3) strengthen its position in the Portuguese market, with the opening of new stores.

The first step towards this fusion between LEROY MERLIN and AKI started on 8th June 2018, opening date for the store in Torres Vedras. This is the pilot-store of the rebranding, since it

was originally an AKI store, rebranded as a LEROY MERLIN store. Therefore, Torres Vedras store is the first store where this rebranding started to be tested, regarding the type of store, in-store design, processes and so on. Since then, two AKI stores were rebranded and transformed to the format of LEROY MERLIN: Guimarães (April 2019) and Montijo (Maio 2019).



*Figure 4: Exterior of Torres Vedras store before the rebranding*

Source: [http://www.construcentro.pt/data1/images/aki\\_torres\\_vedras.jpg](http://www.construcentro.pt/data1/images/aki_torres_vedras.jpg)



*Figure 5: Exterior of Torres Vedras store after the rebranding*

Source: [https://www.leroymerlin.pt/media/cache/galeria\\_big/uploads/LOJAS/Torres%20Vedras/IMG\\_0258.jpg](https://www.leroymerlin.pt/media/cache/galeria_big/uploads/LOJAS/Torres%20Vedras/IMG_0258.jpg)

### **3.2 Conclusions**

Based on the company analysis conducted, it is possible to identify the positive and negative aspects of the rebranding between LEROY MERLIN and AKI, that will contribute to the interpretation of the data analysis ahead.

Regarding the positive aspects of the rebranding, it is verified that:

- The coverage of the brand increased exponentially, since LEROY MERLIN had 15 stores and after the merge, it started to have 50 stores spread in each district of Portugal. This allows the company to serve more inhabitants than before, which is aligned with the company's ambition of reinforcing the Local DNA;

*Store atmospherics and the impact on the satisfaction level and rebranding perception*

- The new brand has 5.000 employees committed to the company and that have the skills to serve better their customers, since the company intends to keep the same employees in the rebranded stores;
- The supply of products and services expanded in previous AKI stores, since AKI has a medium of 20.000 and 25.000 references in-store and a rebranded store has between 30.000 and 40.000. This represents more variety of products and services to customers, providing a more complete shopping experience.

As mentioned before, it is important to refer that there are few competitors in the DIY sector, which gives a competitive advantage to the company to reinforce its position in the market. Also, the rebranding gives a new opportunity to the company of creating a new brand identity and store concept for the rebranded stores.

On the other hand, the negative aspects identified are:

- There is a lack of definition of the company's future goals in an internal perspective;
- The AKI brand is still present in most stores, even though the merge has already happened, which can create some confusion in the customers that are not informed about the merge process;
- There is a lack of promotion of the merge and rebranding externally;
- The AKI and LEROY MERLIN stores have different price levels, which can generate customers' dissatisfaction after a rebranding, since they are used to the more economic prices from AKI. This can also generate a loss of brand loyalty of AKI clients, since there is the risk that they don't adapt to the change.

Besides, there is a risk for customers, since they may not adapt easily to the new store concept, since the rebranded stores increase in size, the supply augments, the organization of the products changes as well as the image of the store.



## **4. Framework and Methodology**

This project aims to analysis the actual perception and satisfaction of customers regarding the first rebranded store, so that those findings can be used to improve the future rebranding plan in the remaining stores and also to other companies.

The research of this project consisted in qualitative research, by conducting a questionnaire to the customers of the store, in order to collect relevant data, taking in consideration what can explain the overall satisfaction with the new brand (LEROY MERLIN)

Consumer satisfaction is analysed through the observed variable “What is your degree of satisfaction with the LEROY MERLIN brand?” classified as an ordinal variable measured in an ordinal scale of satisfaction with ten points, where 1 is extremely dissatisfied and 10 is extremely satisfied, meaning that it can be treated as a quantitative variable in that interval of values. The research questions that intends to understand if consumers are satisfied with the rebranding implies 2 sub-questions: (1) the analysis of the importance of the actual atmospherics and (2) which atmospherics contribute most to the satisfaction with the new brand.

In this chapter there are present the hypotheses of investigation that will allow to construct the conceptual model of research.

### **4.1 Variables related to the actual atmospherics**

The variables that can explain the actual atmospherics are identified in Table 4.

Consumer satisfaction is analysed through the observed variable “What is your degree of satisfaction with the LEROY MERLIN brand?” classified as an ordinal variable measured in an ordinal scale of satisfaction with ten points, where 1 is extremely dissatisfied and 10 is extremely satisfied, meaning that it can be treated as a quantitative variable in that interval of values.

Table 4: Identification of the factors that can explain the perceptions of actual atmospherics

Variables	Classification	Measure
<b>Independent variables:</b>		
How often you visit the store?	Ordinal variable	Ordinal scale of Frequency: 1 – less than once per month 2 – once a month 3 – more than once per month 4 – once a week 5 – up to three times a week
How many years have you been a customer of this store of Torres Vedras		1 – less than a year 2 – one year ago 3 – two years ago 4 – for more than two years
How familiar are you with the store of Torres Vedras? – <b>(Familiarity with the store)</b>		Ordinal scale of Agreement: 1 – totally disagree 2 – disagree 3 – neither agree or disagree 4 – agree 5 – totally agree
I am very experienced with this type of stores		
I often come to this store		
I'm very familiar with this store		
With the replacement of the previous AKI brand by LEROY MERLIN, what have you felt: - <b>(Attitude towards the merge)</b>	Ordinal variable treated as scale	
It was clear that the old name had been replaced by the current one		
Approved the replacement and merger of the brand		
You have more positive than negative ideas about this replacement and merger		
The convergence was favorable for me because the brand is important		
Confident about the store's name		
I recognize the LEROY MERLIN brand more easily than AKI		
I am indifferent regarding the brand store		
It was clear that the old name had been replaced by the current one		Ordinal scale of Agreement: 1 – totally disagree 2 – disagree 3 – neither agree or disagree 4 – agree

For the variable ‘How often you visit the store?’ and Perceptions of Atmospherics, we highlight the research conducted by Baltas et al. (2010), Ou et al. (2006) and Marques et al. (2015), who state that it is predictable that the most frequent client knows the store better and identifies clearly the past and present atmospherics of the merge (when the store was AKI store and it is LEROY MERLIN now). In other words, if the level of how frequent is a customer is lower with the previous brand, the more satisfied he/she is with the current atmospherics of the rebranded store. Thus, the hypothesis 1.1 is identified as:

**H1.1: The more frequent is the customer, the more satisfied he/she is with the current atmospherics.**

Based on the studies concerning the variable Store length relationship and Perceptions of Atmospherics, Wang & Wu (2012) and Coulter & Coulter (2002) show that is expectable that long-time clients are used to the store and with its relationship with the store, how it works, its employees, etc. Then, if they had a good relationship with the first store, they are less satisfied with store after the merge, thus the hypothesis 1.2 is:



**H1.2: The more frequent is the customer, the more satisfied he/she will be with the current atmosphere of the store.**

The perceptions of the store Atmospherics are influenced by the Familiarity with the store. Previous research conducted by Dedeoğlu *et al.* (2018), which classified the previous experience of the client as first-timers or repeat visitors, show that familiarity with the store affects the future behavioral intentions of consumers (Petrick *et al.*, 2001; Yüksel, 2001). In the case of first timers, there is an emotional status associated. For instance, a client that visits a store for the first time will have a different perspective and experience compared to the ones who are familiar with it. Also, there is the presence of risk, since the emotional value mentioned is likely to influence positively a guest to prefer, in the future, the same hotel he /she visited before (Dedeoğlu *et al.*, 2018).

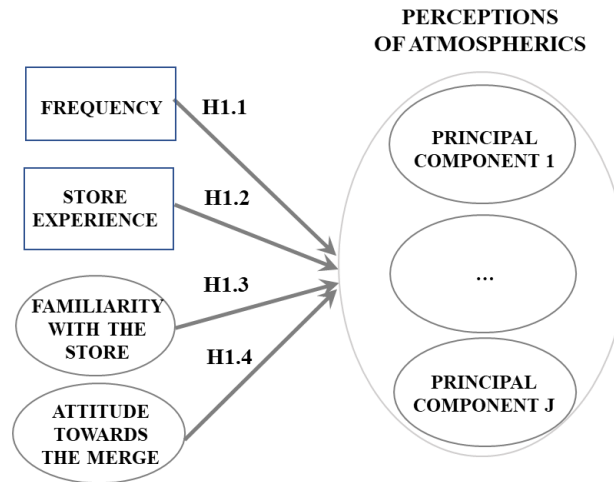
Lee *et al.* (2006) studied the importance of the previous experience before and after a merge in the airline sector. In order to assess it, the survey participants were asked to compare the service quality of each service variable and their overall satisfaction before and after the merge. Therefore, the hypothesis 1.3 is:

**H1.3: The perceptions of the actual Atmospherics are explained by the customers' familiarity with the store itself, regardless of the brand: AKI in the past or LEROY MERLIN in the present.**

Taking into consideration the analysis of the variable Attitude towards the merge and the Perceptions of the Atmospherics, Thozur *et al.* (2007) argue that it is expectable that consumers that are loyal to the pre-merged brand, tend to dislike the brand changing process. It is also predictable that the more frequent client knows better the store and the differences between the past and present (clients of the store as AKI, thus, before the merge). Also in the study of Mclelland *et al.* (2014), it is highlighted that the clients who believed that AKI provided a good service and to which he/she had a positive attitude, tend to react badly to the merge and develop a negative attitude towards the merge. Consequently, the hypothesis 1.4 is:

**H1.4: The more positive is the Attitude towards the merge, the more positive are the Perceptions of the actual Atmospherics**

From the relationships between these variables, it is possible to design the following model:



*Figure 6: The empirical model that explains the perceptions of actual atmospherics*

## **4.2 Variables related to the overall satisfaction with the new brand**

In this section, there is a presentation of the variables related to the overall satisfaction with the new brand LEROY MERLIN. The identification of the dependent variable and the independent variable and also the identification of the moderators in the relationship between the items of the actual Atmospherics and the Overall satisfaction with the new brand can be identified in Annex 2.

For the instrument “Perceptions with Atmospherics and the Previous Retail Brand Loyalty (AKI)”, the literature reviewed reveals that extant research consistently demonstrates the important role of the atmospherics, namely the in-store ones. Several approaches have been considered regarding the effect of the atmospherics cues and their importance in the store evaluation, namely on shopping behavior (Turley & Milliman, 2000; Rayburn & Voss, 2013), and as a retailer differentiation tool (Marques *et al.*, 2015).

Mclelland *et al.* (2014) studied the brand attitude and service perceptions of the company considered before the merge. In this case, it allows LEROY MERLIN to understand how loyal and how positively engaged the AKI clients are. Thus:

**H2.1: The Perceived fit between the two brands AKI and LEROY MERLIN is a moderator between the perceptions of the atmospherics now and the Overall satisfaction with the brand.**

**H2.2: The loyalty degree regarding the initial brand (AKI) is a moderator between the relation between the perceptions of the atmospherics and the Overall satisfaction with the new brand (LEROY MERLIN).**

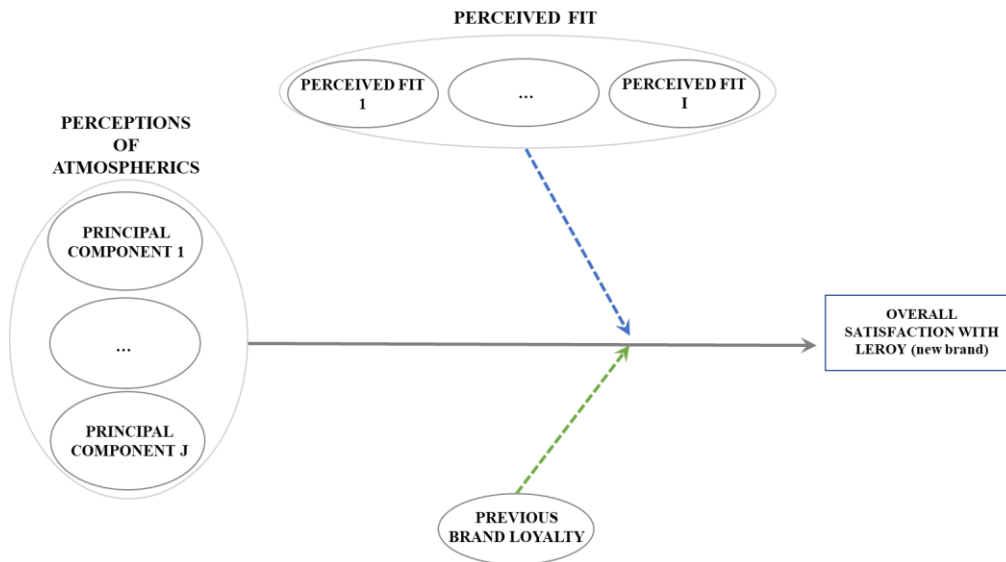
**Table 5: Identification of the dependent variable, the independent variable, and the moderator 1**

<b>Variables</b>	<b>Classification</b>	<b>Measure</b>
<b>Dependent variable:</b>		
Overall satisfaction with the LEROY MERLIN	Ordinal variable treated as scale	Ordinal scale of satisfaction: 1 - Extremely Dissatisfied 2 - Very unsatisfied 3 - Somewhat unsatisfied 4 - Unsatisfied 5 - Neither satisfied nor dissatisfied 6 - Very little satisfied 7 - Somewhat satisfied 8 - Satisfied 9 - Very Satisfied 10 - Extremely Satisfied
<b>Independent variable:</b>		
How do you evaluate the changes in the store regarding the ambience and atmospherics:		
In the type and music selection		
In the music's contribution to a good store environment		
In the sound and rhythm of music		
In store lighting that gives me some comfort		
The light intensity that allows a quick identification of the products		
Suitability of lighting throughout the store		
For floor and space cleaning		
In the quality of the air that allows me to feel relaxed		
In the pleasant aroma		
In the comfortable temperature		Ordinal scale:
In the ease of finding what I'm looking for		1 - a lot worse
The clarity of the information that allows a good understanding of the products	Ordinal variables	2 - worse
In the decoration of the modern and attractive store		3 - neither improved nor worsened
The suitability of the design to the customer's needs		4 - improved
The suitability of the layout and organization of the products		5 - greatly improved
In the ease or fluidity in circulation between the aisles		
In the queue time to be advised by an employee		
The speed of the waiting queue at the cash register		
In the suitability of the number of employees		
In the sympathy of the employees		
In the technical knowledge of the employees		
In the adaptation to moments of high affluence of customers		
<b>Moderator 1:</b>		
Evaluate the similarity/discrepancy between the two brands ≡ <b>Perceived FIT</b>		Ordinal scale of dissimilarity / similarity:
Price	Ordinal variable treated as scale	1 - not similar at all
Range of products		2 - dissimilar
Product quality		3 - somewhat similar
Expertise in the field of building materials		4 - similar
In the employees' form of assistance and advice		5 - very similar

**Table 6: Identification of the moderator 2 in the relationship between the items of the actual Atmospherics and the Overall satisfaction with the brand LEROY MERLIN**

Variables	Classification	Measure
<b>Moderator 2:</b>		
How is your relationship with the brand AKI? ≡ Previous brand loyalty		
I was very loyal to the AKI brand	Ordinal variable treated as scale	Ordinal scale of Agreement / disagreement: 1 – totally disagree 2 – disagree 3 – neither agree or disagree 4 – agree 5 – totally agree
AKI was always my first choice		
I remember many positive aspects of the AKI		
I really liked this store when it was AKI		
I felt a lot of confidence in this AKI store		

Based on the relationships between these variables, which are the main goals of this study (assessing the customers’ satisfaction level with the store and its atmospherics), it is possible to see in the figure below how this analysis will be conceptualized:



**Figure 7: The simplified empirical model that explains the overall satisfaction with LEROY MERLIN (new brand)**

It is important to mention that Torres Vedras’ store suffered multiple changes: not only the rebranding of the store changed the name and the logo of the store but also there were changes in the layout of store. This pilot store still has the same 4.000 m2, however with a new concept, including more employees, more variety of products and services.

## **5. Method of data collection**

In order to collect the data to conduct this study, it was needed to construct a questionnaire composed of several variables based on the literature and previous presented in Chapter IV.

The pre-teste was made with colleagues, professors and LEROY MERLIN employees, in order to assure that the questionnaire was clear and that the goals for this analysis were fulfilled. In order to proceed to the data analysis, the questionnaires will be analysed in the version 25 of SPSS (*Statistic Package for Social Sciences, version 25*).

The questionnaire was applied between 25 May and 29 June 2019 and it was conducted at the store of Torres Vedras. The answers were collected immediately after the customer finishes his/her shopping at the cash register and also near the Project Areas (since those customers need to wait in line to be advised by an employee). Therefore, 115 questionnaires were carried in the store and 30 answers were collected from an online questionnaire, resulting in a total of 145. The English version of the questionnaire is available in the appendix section.

### **5.1 Questionnaire structure**

The questionnaire is divided in two parts.

The first part is concerned with the observed variables Frequency of visit and Experience with the store and the constructs Familiarity with the store, Attitude towards the merge, as well as the Perceptions of the Atmospherics.

The second part is focused on the Perceptions of store Atmospherics, besides the observed variable Overall satisfaction with the LEROY MERLIN brand now, and the items related with the Perceived fit and Previous brand loyalty.

In each ordinal variable it was identified an extra category with the number six for those that do not know how to answer or do not want to answer that was considered to be a missing value.

### **5.2 Sampling**

The sample is a nonprobability sample of convenience, where the data was collected from questionnaires conducted in the store of Torres Vedras and from a questionnaire online.

One of the method-applied to collect data was a self-administrated questionnaire applied to the respondents that were clients of the store when it was AKI. However, given the complexity of the questionnaire, it was necessary to give support to the respondents in order to assure that the questions were clear for them. However, it is important to note that the cooperation rate was

low, since it is a store where customers don't want to spend much time. In addition, Torres Vedras is a calm store with a few clients (since it is located outside the urban centre of Lisboa), therefore it was difficult to apply the questionnaire to a large group of respondents.

Besides the survey conducted in the store, it was also applied the same questionnaire online. That questionnaire was released in social media groups for inhabitants of the region of Torres Vedras, since they know the store for some years (including the 10 years as an AKI store).

## **6. Questionnaire data analysis and results**

In this section, it is presented the data analysis based on the results of the questionnaires conducted in the store of Torres Vedras and online. Exploratory analyses of principal components with orthogonal rotation are going to be used in order to reduce the dimensionality of the corresponding data. Also, multiple linear regression analyses are going to be used with the stepwise method to validate the first set of the research hypotheses and the regression analyses with the PROCESS macro by Andrew F. Hayes (version 3) will be carried out in order to compute the corresponding estimates of the second set of the research hypotheses.

### **6.1 Sample Characterization**

The sample size is 145 respondents. The profile of the respondents in Annex 3 show that the majority of these respondents are male respondents (62.1%), have more than 29 years old and less than 51 years old (51.0%), are particular customers (89.7%), and have been customer of the store in Torres Vedras for more than two years ago (66.9%). The most important category of 'How often do you visit the store?' is *once a month* (36.6%).

### **6.2 Multivariate descriptive analysis**

After the sample size characterization, it is necessary to define the instruments, which are a set of observed variables that are transformed into latent variables through factorial analysis into major components. The instruments studied are familiarity with the store, attitude towards the merge, perceptions with the atmospherics, perceived fit between the stores and previous brand loyalty.

#### **6.2.1 Familiarity with the store**

In order to evaluate the internal structure of the perceptions scale about Familiarity with the store, it was realized an exploratory factor analysis in principal components that conducted to the extraction of one component (Annex B4.1) that explains about 71.89% of the total variance of the input variables with a Kaiser-Meyer-Olkin (KMO) coefficient of 0.669, meaning that the input variables are correlated in the sample and also in the population because the null hypothesis of the Bartlett's test of sphericity is rejected ( $\chi^2_{(3)} = 152.196; Sig = 0.000$ ).

*Table 7: The identified component for the Familiarity with the store*

	Component 1
I'm very familiar with this store	.895
I often come to this store	.869
I am very experienced with this type of stores	.775
<b>% of variance explained</b>	<b>71.885</b>

This single component is designated as Familiarity with the store.

### 6.2.2 Attitude towards the merge

The item *I am indifferent regarding the brand store* was eliminated from the analysis since it has a very low communality according to the Kaiser's criterion since the variance that is accounted in the final solution is only 0.071, as it can be seen in Table 8. After eliminating that item, an exploratory factor analysis in principal components was conducted and Table 8 shows that just one component is obtained.

That component is designated as 'Attitude towards the stores' merge' that explains 65.16% of the total variance of the input variables. The KMO coefficient is equal to 0.880, meaning that the input variables are correlated in the sample and also in the population because the null hypothesis of the Bartlett's test of sphericity is rejected ( $\chi^2_{(15)} = 367.5; Sig < 0.001$ ).

*Table 8: The identified component for the Attitude towards the stores' merge*

	Component
Confident about the store's name	.865
Approved the replacement and merger of the brand	.859
You have more positive than negative ideas about this replacement and merger	.805
The convergence was favorable for me because the brand is important	.803
I recognize the LEROY MERLIN brand more easily than AKI	.764
It was clear that the old name had been replaced by the current one	.739
<b>% of variance explained</b>	<b>65.156</b>

### 6.2.3 Perceptions of atmospherics

The item 'In the type and music selection' is deleted from the analysis since it has a low communality (0.397), as it can be seen in Annex 4.3, and the extract components have a deeper understanding. Then, it was performed an exploratory factor analysis in principal components with a varimax rotation, that conducted to the extraction of five components that explains about 71.89% of the total variance of the input variables with a KMO coefficient of 0.915 which means that the input variables are correlated in the sample and also in the population ( $\chi^2_{(210)} = 1769.77; Sig = 0.000$ ). Table 9 shows the extracted components.



**Table 9: The identified components for the Perceptions of the atmospherics**

	Component				
	1	2	3	4	5
The clarity of the information that allows a good understanding of the products	<b>.754</b>	.231	.241	.201	.161
The design suitability to the customer's needs	<b>.715</b>	.192	.204	.449	.129
In the ease of finding what I'm looking for	<b>.679</b>	.106	.286	.034	.465
In the ease or fluidity in circulation between the aisles	<b>.665</b>	.276	.199	.291	.061
In the decoration of the modern and attractive store	<b>.618</b>	.321	.130	.373	.310
The suitability of the layout and organization of the products	<b>.609</b>	.194	.213	.472	.194
In the suitability of the number of employees	.017	<b>.762</b>	.231	.249	.221
In the queue time to be advised by an employee	.182	<b>.757</b>	.234	.186	.234
The speed of the waiting queue at the cash register	.280	<b>.698</b>	.200	.032	.323
In the adaptation to moments of high affluence of customers	.254	<b>.609</b>	.294	.228	.402
In the technical knowledge of the employees	.382	<b>.600</b>	.181	.325	.138
In the friendliness of the employees	.455	<b>.585</b>	.205	.269	.154
In the quality of the air that allows me to feel relaxed	.244	.158	<b>.809</b>	.255	.185
In the comfortable temperature	.242	.212	<b>.805</b>	.213	.189
In the pleasant aroma	.190	.281	<b>.717</b>	.168	.408
For floor and space cleaning	.023	.210	<b>.665</b>	.382	.247
Pleasant he light intensity that allows a quick identification of the products	.194	.193	.258	<b>.813</b>	.355
Suitability of lighting throughout the store	.234	.204	.333	<b>.756</b>	.326
In store lighting that gives me some comfort	.305	.139	.373	<b>.660</b>	.399
In the music's contribution to a good store environment	.130	.161	.191	.316	<b>.852</b>
In the sound and rhythm of music	.043	.270	.238	.259	<b>.844</b>
<b>% of variance explained</b>	<b>17.259</b>	<b>16.293</b>	<b>15.528</b>	<b>14.942</b>	<b>13.977</b>
<b>Cronbach's Alpha coefficients</b>	<b>0.881</b>	<b>0.893</b>	<b>0.899</b>	<b>0.949</b>	<b>0.950</b>

The components as well as their dimensions were named as (1) Space layout and functionality. (2) Efficiency and crowding. (3) Ambience comfort. (4) Pleasant light intensity. and (5) Music environment.

### 6.2.4 Perceived fit between stores

For the instrument perceived fit between stores, a similar analysis was conducted, and three components were extracted (Table 10). These components explain 76.54% of the total variance of the input variables; the Kaiser-Meyer-Olkin coefficient is 0.784 (Annex 2.3), meaning that the input variables are correlated in the sample and also in the population since it is reject the null hypothesis in the Bartlett's test of sphericity ( $\chi^2_{(15)} = 223929; Sig < 0.001$ ). All the communalities are equal to or greater than 0.674, which shows that more than half of the variability of each item is accounted in the final solution (three components).

**Table 10: The identified components for the Perceived fit with the stores**

	Component		
	1	2	3
Range of products	<b>.838</b>	.097	.272
Expertise in the field of building materials	<b>.807</b>	.344	.063
In the form of disposition/ layout and decoration of the store	.127	<b>.890</b>	.030
In the employees' form of assistance and advice	.334	<b>.720</b>	.279
Price	.081	.024	<b>.913</b>
Product quality	.344	.312	<b>.677</b>
	<b>% of variance explained</b>	<b>26.785</b>	<b>25.604</b>
	<b>Cronbach's Alpha coefficients</b>	<b>0.696</b>	<b>0.651</b>
		<b>0.664</b>	

The extracted components as well as their corresponding constructs were named as (1) Product range, (2) In-store environment and (3) Price and quality.

### 6.2.5 Previous brand loyalty

For the instrument previous brand loyalty, it was also conducted an exploratory analysis in principal components with varimax rotation and one component is identified that explains almost 81% of the total variance of the input variables; the KMO coefficient is equal to 0.869 which shows that the input variables in the sample and it is rejected the hypothesis that the correlation matrix in the population is equal to the identity matrix, showing that the input variables are correlated in the population ( $\chi^2_{(10)} = 651.892; Sig < 0.001$ ). Table 11 shows one component that is named as previous brand loyalty.

**Table 11: The identified component for previous brand loyalty**

	Component
	1
I felt a lot of confidence in this AKI store	.927
I really liked this store when it was AKI	.914
I remember many positive aspects of the AKI	.901
AKI was always my first choice	.884
I was very loyal to the AKI brand	.872
	<b>% of variance explained</b>
	<b>80.993</b>

Therefore, the model to be estimated is:

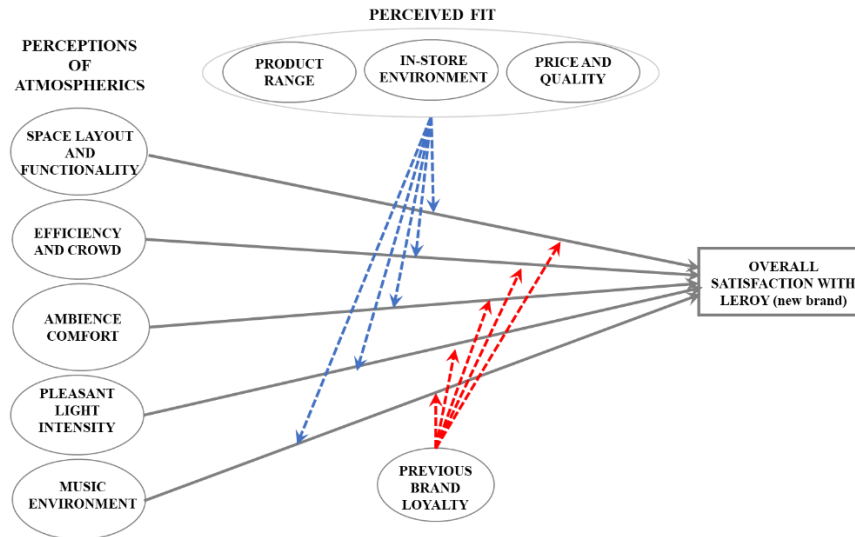


Figure 8: The completed empirical model that explains the overall satisfaction with LEROY MERLIN (new brand)

### 6.3. Model estimations

For the estimations of model 1, the hypotheses of the multiple regression models were validated, namely, the hypotheses that the random errors follow normal distribution, the homogeneity of the random errors and the absence of the multicollinearity problem among the independent variables validated by the variance inflation factors (VIF) that are below the value of 2 and very closed to the value of 1 (see Annex 3). The hypothesis of the absence of the auto correlated random errors was not validated since the data is not time dependent. The stepwise method is chosen to compute the corresponding estimations.

#### 6.3.1 Estimations of Model 1

The estimations of Model 1 are shown in Table 12.

Table 12: Estimates of Model 1

Dependent variable	Regression estimates	Quality of the adjustment
Space and functionality	$\hat{D}_1 = 4.029 + 0.453 \text{ Attitude} + 0.454 \text{ Experience (3)} - 0.258 \text{ Freq (4)}$ (0.000) (0.000) (0.002) (0.033)	$R^2 = 0.500$ $\bar{R}^2 = 0.486$
Efficiency and crowd	$\hat{D}_2 = 3.836 + 0.319 \text{ Attitude}$ (0.000) (0.000)	$R^2 = 0.181$
Ambience comfort	$\hat{D}_3 = 3.96 + 0.299 \text{ Attitude} - 0.392 \text{ Experience (4)} + 0.720 \text{ Freq (5)}$ (0.000) (0.000) (0.002) (0.033)	$R^2 = 0.245$ $\bar{R}^2 = 0.224$
Pleasant light intensity	$\hat{D}_4 = 3.996 + 0.407 \text{ Attitude}$ (0.000) (0.000)	$R^2 = 0.260$
Music environment	$\hat{D}_5 = 3.753 + 0.311 \text{ Familiarity} + 0.223 \text{ Attitude}$ (0.000) (0.002) (0.008)	$R^2 = 0.246$ $\bar{R}^2 = 0.229$

**MODEL 1.1** - regarding the estimations for Model 1, the following conclusions can be drawn:

- The quality of the adjustment is moderate: almost 50% of the variations in the perceptions of Space and functionality, the dependent variable, is explained by the independent variables;
- For an increase of one degree in the similarity scale of Attitude towards the merge, it is estimated that Space and functionality will increase 0.454 points in average if the effect of the other independent variables remain constant;
- When the years as a client in the store had been for two years compared with a more recent client (less than a year), which is the baseline category, its impact in the dependent variable is positive in the intercept and equal to 4.483 ( $4.029+0.454$ );
- When the frequency of the number of the visits increases to once a week (a more frequent client) when compared with a less frequent client (less than once per month), it is expected that the intercept for the perceptions of Space and functionality decreases to 3.771 points ( $4.029-0.258$ ), in average, when the other independent variables remain constant. That is, it is expected that the decrease in the intercept of the perceptions in the dimension Space and functionality is due to the decrease in the fluidity in circulation between the aisles, for instance.

**MODEL 1.2** - the following can be said:

- The quality of the adjustment is moderate: 18% of the variations in the perceptions of the Efficiency and crowd (as the dependent variable) is explained by the independent variable;
- For an increase of one degree in the similarity scale, it is estimated that Efficiency and crowd will increase 0.319 in average if the effect of the other independent variable remains constant;

**MODEL 1.3** – it can be stated that:

- The quality of the adjustment is moderate: 22% of the variations in the perceptions about Ambience comfort, the dependent variable, is explained by these independent variables;
- For an increase of one degree in the similarity scale of the variable Attitude with the merge, it is estimated that Ambience comfort will increase 0.299 points in average if the effect of the other independent variables remains constant;
- When the level of experience of the client with the store had been for more than two years compared with the recent clients (less than a year), the intercept reduces to 3.568

(instead of being 3.96). Thus, it is expected that the increase of experience with the store decreases the intercept of the perceptions in the dimension Ambience comfort which can be explained by the clients' lack of recognizing the Ambience comfort;

- When the frequency of the number of the visits increases to once a week, meaning that the client is a frequent client when compared with a less frequent client, it is expected that the intercept of the perceptions of Space and functionality increases in average to 4.68 points, when the other independent variables remain constant.

**MODEL 1.4** - the following conclusions can be drawn:

- The quality of the adjustment is moderate: 26% of the variations in pleasant light intensity (as the dependent variable) is explained by the independent variable;
- For an increase of one degree in the similarity scale, it is estimated that Pleasant light intensity will increase 0.407 points in average if the effect of the other independent variable remains constant;

**MODEL 1.5** - it can be said that:

- The quality of the adjustment is moderate: almost 23% of the variations of the perceptions of the Music environment, the dependent variable. is explained by these independent variables;
- For an increase of one degree in the similarity scale of the latent variable Familiarity with the store, it is estimated that Music environment will increase 0.311 points in average if the effect of the other independent variables remains constant;
- For an increase of the Attitude towards the merge, it is estimated that the dimension Music environment increases in average 0.223 points, if the other independent variables remain constant.

### **6.3.2 Estimations of Model 2**

**MODEL 2.1: the moderation effects of the Perceived FIT: product range between the atmospheric dimension of Efficiency and crowd and the Overall satisfaction with the new brand**

Table 13 shows that about 28.4% of the variations in the values of the dependent variable are explained by the estimated model. From the unconditional estimated effects, there is one moderation effect between the dimension of atmospherics' perception of Efficiency and crowd and the Overall satisfaction with the new brand due to the moderator variable Perceived FIT: product range. The corresponding estimate of the interaction variable ( $X * W$ ) is significantly

different from zero, meaning that, for a unit increase in the interaction variable, it is expected that the Overall satisfaction with the new brand (LEROY MERLIN) decreases 0.4 points, in average, if the other independent variables remains constant.

*Table 13: Estimates of Model 2.1*

$n = 139; X - \text{Efficiency and crowd}$	<b>GOODNESS-OF-FIT</b>
<b>MODERATORS:</b>	$R^2 = 0.284$
$W$ : Perceived FIT – product range	$R^2 \text{ change} = \begin{cases} XW: 0.032 \\ XZ: 0.003 \end{cases}$
$Z$ : Previous brand loyalty	
$\hat{Y} = 7.963 + 0.966 X + 0.207 W - 0.400 X * W - 0.162 Z - 0.103 X * Z$	p-values
(0.000) (0.000) (0.132) (0.016) (0.228) (0.484)	

**MODEL 2.2: the moderation effects of the Perceived FIT: product range between the atmospheric dimension of Ambience comfort and the Overall satisfaction with the new brand**

Table 14 shows that only 16.9% of the variations in the dependent variable is explained from the model.

*Table 14: Estimates of Model 2.2*

$n = 138; X - \text{Ambience comfort}$	<b>GOODNESS-OF-FIT</b>
<b>MODERATORS:</b>	$R^2 = 0.169$
$W$ : Perceived FIT - product range	$R^2 \text{ change} = \begin{cases} XW: 0.028 \\ XZ: 0.018 \end{cases}$
$Z$ : Previous brand loyalty	
$\hat{Y} = 7.999 + 0.581 X + 0.249 W - 0.354 X * W - 0.108 Z - 0.285 X * Z$	p-values
(0.000) (0.003) (0.085) (0.038) (0.453) (0.089)	

The table also shows that there is one significant moderation effect due to the effect of the Perceived FIT: product range in the relationship between the atmospheric dimension of Ambience comfort and the Overall satisfaction with the new brand. That is, for a unit increase in the interaction variable ( $X * W$ ), it is expected that the Overall satisfaction with the new brand (LEROY MERLIN) decreases 0.354 points, in average, if the other independent variables remain constant. Concluding, with the store’s merge, the Overall satisfaction decreases in the presence of the actual Ambience environment.

**MODEL 2.3: the moderation effects of the Perceived FIT: in-store environment in the relationship between the atmospheric dimension of Ambience comfort and the Overall satisfaction with the new brand**

Table 15 summarizes the model's estimations when the independent variables explain only 18.6% of the variations in the dependent variable.

Table 15: Estimates of Model 2.3

<i>n</i> = 138; <i>X</i> – Ambience comfort	GOODNESS-OF-FIT
<b>MODERATORS:</b>	
<i>W</i> : Perceived FIT - In-store environment	$R^2 = 0.186$
<i>Z</i> : Previous brand loyalty	$R^2 \text{ change} = \begin{cases} X * W: 0.053 \\ X * Z: 0.005 \end{cases}$
$\hat{Y} = 8.027 + 0.599 X - 0.033 W - 0.493 X * W - 0.055 Z - 0.163 X * Z$	p-values
(0.000) (0.002) (0.808) (0.004) (0.701) (0.359)	

There is one interaction effect ( $X * W$ ) that is significantly different from zero. That is, for a unit increase in the interaction variable ( $X * W$ ), it is expected that the Overall satisfaction with the new brand (LEROY MERLIN) decreases 0.493 points, in average, if the other independent variables remain constant. Thus, with the store's merge, the Overall satisfaction with the new brand decreases as well.

**MODEL 2.4: the moderation effects of the Perceived FIT: in-store environment in the relationship between the atmospheric dimension of Pleasant light environment and the Overall satisfaction with the new brand**

The estimations of model 4, viewed in Table 16, explain 30.8% of the total variations in the dependent variable.

Table 16: Estimates of Model 2.4

<i>n</i> = 132; <i>X</i> – Pleasant light environment	GOODNESS-OF-FIT
<b>MODERATORS:</b>	
<i>W</i> : Perceived FIT - In-store environment	$R^2 = 0.308$
<i>Z</i> : Previous brand loyalty	$R^2 \text{ change} = \begin{cases} X * W: 0.051 \\ X * Z: 0.000 \end{cases}$
$\hat{Y} = 8.023 + 0.900 X - 0.148 W - 0.432 X * W - 0.069 Z + 0.027 X$	p-values
(0.000) (0.000) (0.262) (0.003) (0.609) (0.869)	

There is also only one interaction effect ( $X * W$ ) that is significantly different from zero between the atmospheric dimension of Pleasant light intensity and the Overall satisfaction with the new brand. However, this interaction effect is negative, meaning that for a unit increase in the interaction variable, it is expected that the Overall satisfaction with the new brand (LEROY MERLIN) decreases 0.432 points, in average, if the other independent variables remain

constant. Thus, with the stores' merge, the perception of Pleasant light intensity also decreases the Overall satisfaction with the new brand.

**MODEL 2.5: the moderation effects of the Perceived FIT: in-store environment in the relationship between the atmospheric dimension of Music environment and the Overall satisfaction with the new brand**

The estimates present in Table 17 show that 26.8% of the variations in the Overall satisfaction with the new merge is explained by the model.

*Table 17: Estimates of Model 2.5*

<i>n</i> = 103; <i>X</i> – Music environment	GOODNESS-OF-FIT
<b>MODERATORS:</b>	
<i>W</i> : Perceived FIT – price and quality	$R^2 = 0.268$
<i>Z</i> : Previous brand loyalty	$R^2 \text{ change} = \begin{cases} X * W: 0.050 \\ X * Z: 0.015 \end{cases}$
$\hat{Y} = 8.104 + 0.629 X - 0.112 W - 0.359 X * W - 0.049 Z - 0.237 X * Z$	
(0.000) (0.002) (0.491) (0.011) (0.773) (0.161)	p-values

Once again, with the merge, the Overall satisfaction decreases in the presence of moderator Perceived FIT: in-store environment in its relationship with the atmospheric dimension of Music environment.

**MODEL 2.6: the moderation effects of the Perceived FIT: price and quality in the relationship between the atmospheric dimension of Efficiency and crowd and the Overall satisfaction with the new brand**

Table 18 shows that the model specification explains 29.9% of the total variations in the Overall satisfaction with the new brand.

*Table 18: Estimates of Model 2.6*

<i>n</i> = 139; <i>X</i> – Efficiency and crowd	GOODNESS-OF-FIT
<b>MODERATORS:</b>	
<i>W</i> : Perceived FIT – price and quality	$R^2 = 0.299$
<i>Z</i> : Previous brand loyalty	$R^2 \text{ change} = \begin{cases} X * W: 0.031 \\ X * Z: 0.000 \end{cases}$
$\hat{Y} = 7.978 + 0.962 X + 0.256 W - 0.417 X * W - 0.165 Z - 0.029 X * Z$	
(0.000) (0.000) (0.073) (0.017) (0.232) (0.857)	p-values

Again, with the merge, the Overall satisfaction decreases in the presence of moderator Perceived FIT: price and quality in the relationship between the atmospheric dimension of



Efficiency and crowd and the Overall satisfaction since the moderator interaction variable ( $X * W$ ) is significantly different from zero.

**MODEL 2.7: the moderation effects of the Previous brand loyalty in the relationship between the atmospheric dimension of Music environment and the Overall satisfaction with the new brand**

The results shown in Table 19 explain 25.5% of the variations of the dependent variable.

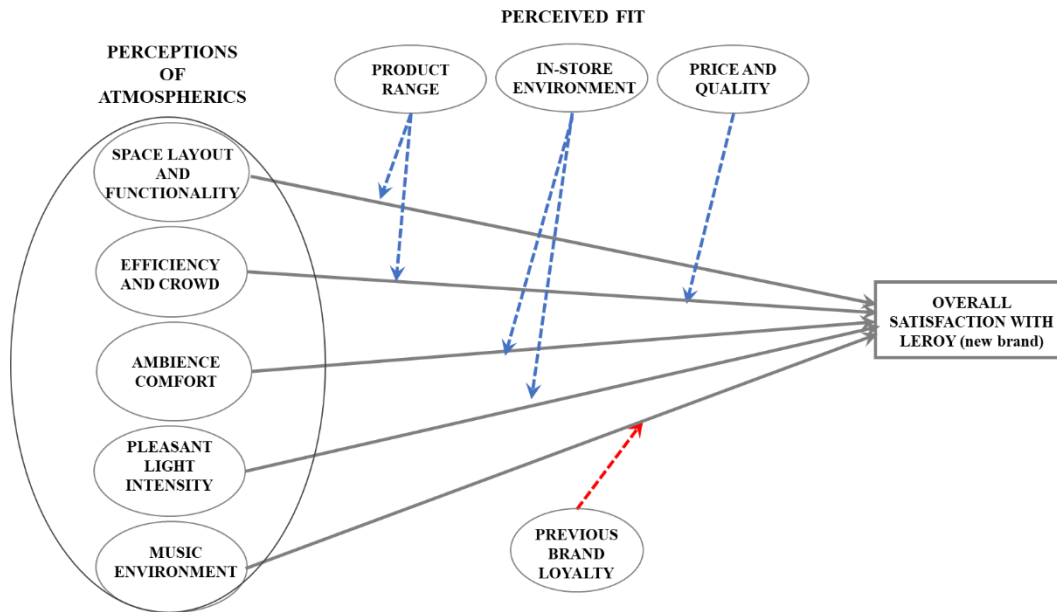
*Table 19: Estimates of Model 2.7*

<i>n</i> = 103; <i>X</i> – Music environment	<b>GOODNESS-OF-FIT</b>
<b>MODERATORS:</b>	$R^2 = 0.255$
<i>W</i> : Perceived FIT – price and quality	$R^2 \text{ change} = \begin{cases} X * W: 0.000 \\ X * Z: 0.032 \end{cases}$
<i>Z</i> : Previous brand loyalty	
$\hat{Y} = 8.036 + 0.719 X + 0.415 W + 0.006 X * W - 0.205 Z - 0.393 X * Z$	p-values
(0.000) (0.000) (0.024) (0.974) (0.263) (0.043)	

Table 19 also reveals that, from the unconditional estimated effects, there is one moderation effect between the atmospheric dimension of Music environment and the Overall satisfaction with the new brand due to the effects of the moderator variable Previous brand loyalty that is significantly different from zero. That is, for a unit increase in the interaction variable ( $X * Z$ ), it is expected that the Overall satisfaction with the new brand (LEROY MERLIN) decreases 0.393 points, in average, if the other independent variables remain constant. Thus, with the store’s merge, the moderator Previous brand loyalty has a negative impact in the Overall satisfaction with LEROY MERLIN.

**6.3.3 Results’ discussion**

From the estimates, it is found the following significant relationships:



*Figure 9: The estimated empirical model that explains the overall satisfaction with LEROY MERLIN (new brand)*

Based on the estimations of Model 1 and 2, the justification of the hypotheses' validation is listed below:

**H1.1: The more frequent is the customer, the more satisfied he/she is with the current atmospherics.**

In this case, according to the results of Models 1 and 3, the more experienced the store is the customer, the more satisfied it is with the perceptions of space and functionality, but, less satisfied is with the perceptions of ambience comfort. Therefore, this hypothesis is partially validated.

**H1.2: The more frequent is the customer, the more satisfied he/she will be with the current atmosphere of the store.**

According to the estimations of Models 1 and 3, the more frequent is the customer (in terms of visits to the store), the less satisfied he/she is with space and functionality and the more satisfied he/she is with the ambience comfort. Thus, this hypothesis is partially validated.

**H1.3: The perceptions of the actual Atmospherics are explained by the customers' familiarity with the store itself, regardless of the brand: AKI in the past or LEROY MERLIN in the present.**

In this hypothesis, it is validated that the Familiarity with the store positively explains the music environment satisfaction of consumers. Thus, this hypothesis is validated.

**H1.4: The more positive is the Attitude towards the merge, the more positive are the Perceptions of the actual Atmospherics**

In this case, the Attitude towards the merge explains positively all the perceptions of actual atmospherics (space and functionality, efficiency and crowd, ambience comfort, pleasant light intensity and music environment). Thus, this hypothesis is validated.

**H2.1: The Perceived fit between the two brands AKI and LEROY MERLIN is a moderator between the perceptions of the atmospherics now and the Overall satisfaction with the brand.**

In this hypothesis, the Perceived fit in all three components, (1) Product range, (2) In-store environment and (3) Price and quality, moderates the relationship between the perceptions of the actual atmospherics and the overall satisfaction with the new brand. Consequently, the hypothesis is validated, but negatively inducing the Overall satisfaction with LEROY MERLIN

**H2.2: The loyalty degree regarding the initial brand (AKI) is a moderator between the relation between the perceptions of the atmospherics and the Overall satisfaction with the new brand (LEROY MERLIN).**

This hypothesis is verified for the dimension of the music environment, but also negatively inducing the Overall satisfaction with LEROY MERLIN.

Finally, in order to summarize the results presented before, Table 20 shows the validation (or not) of the identified hypotheses.

*Table 20: Validation of research hypotheses*

<b>HYPOTHESES</b>	<b>VALIDATION</b>
<b>H1.1:</b> The more frequent is the customer, the more satisfied he/she is with the current atmospherics.	Partially validated
<b>H1.2:</b> The more frequent is the customer, the more satisfied he/she will be with the current atmosphere of the store.	Partially Validated
<b>H1.3:</b> The perceptions of the actual Atmospherics are explained by the customers' familiarity with the store itself, regardless of the brand: AKI in the past or LEROY MERLIN in the present.	Validated
<b>H1.4:</b> The more positive is the Attitude towards the merge, the more positive are the Perceptions of the actual Atmospherics	Validated
<b>H2.1:</b> The Perceived fit between the two brands AKI and LEROY MERLIN is a moderator between the perceptions of the atmospherics now and the Overall satisfaction with the brand.	Validated
<b>H2.2:</b> The loyalty degree regarding the initial brand (AKI) is a moderator between the relation between the perceptions of the atmospherics and the Overall satisfaction with the new brand (LEROY MERLIN).	Validated

## **7. Improvement proposals and implications for the company**

This chapter presents the improvement proposals based on the data analysis conducted before. First of all, it will be proposed improvements related to the perceptions of store atmospherics, in order to enhance the store atmospherics' experience to the customers. Also, some customers don't feel satisfied with the merge between AKI and LEROY MERLIN, thus there are proposed some actions to be implemented by the company in order to overtake that feeling and improve the results in this topic.

Regarding the obtained results from Model 1, it is visible that the dimensions Space layout and functionality and Ambience comfort were the constructs in which the clients were less satisfied.

Concerning the estimated values of the Model 2 with Perceived fit and Previous brand loyalty as moderators in the relationship between the identified dimensions of perceptions of actual atmospherics and the Overall satisfaction with the new brand, it can be said that the moderators have a negative influence in such relationship.

Therefore, it can be carried out the proposal of improvement measures in order to increase the customers' satisfaction level with the store atmospherics and also with the rebranding and merge perception.

### **7.1 Improvements regarding the store atmospherics**

The suggestions related to the store atmospherics should be developed by the Torres Vedras' store management and the Human Resources, Merchandising and Marketing areas at the headquarters.

#### **Rethink the store layout and range of products**

According to the customers' insights, AKI stores are easier to circulate, enabling them to find the products they are looking for. One of the possible reasons of this perception is the circulation layout, since LEROY MERLIN stores are much bigger in dimension and have narrowed halls with a high ceiling.

Therefore, in order to increase the Perceived fit in-store environment and Perceived fit related to Product range, some measures should be taken into consideration:

- Decrease the product range in rebranded stores, in order to resemble it to the typical AKI layout. In fact, these stores are smaller than the LEROY MERLIN ones, therefore

the range should be adapted as much as possible to the customers' needs that visit the store frequently;

- Maintain the department organization of AKI stores, in order to facilitate the customers' circulation in their shopping experiences. The reason for this proposal is that shoppers admitted that it is hard to find the products they are looking for after the store rebranding,

### **Assure store's efficiency in queue times and in human resources**

In the case of frequent customers, there were registered negative effects on the Efficiency and crowding. The waiting lines are still a problem in the store, since this store has new project areas, like in LEROY MERLIN stores, which involves having to take a number and wait for their number to be called. At AKI, this type of organization doesn't exist, therefore clients were not used to it in the "new" store. In order to increase their positive perception, several actions can be carried out:

- Create a system to manage waiting times and queues to increase customers' satisfaction with the efficiency and crowding perception. In the number machine, it could have a QR Code (a bar code that can be scanned using a smartphone) that directs to an "electronic ticket", where it is possible to follow the queue system without needing to be standing in the project area. Consequently, clients can circulate through the store, completing their shopping list and then when their number is about to be called, they can go to the counter of the project area and be advised by an employee;
- Assure that there are enough employees to advise customers and that they are visible to the clients that are circulating through the store. In order to achieve this, it is necessary to provide training to the employees of the store, giving them tools on how to manage waiting times and how to contact with clients on a daily basis.

### **Create a comfortable Lighting environment**

The frequent customers are not satisfied with the light intensity of the store, thus the lighting points in the store should be reviewed. The improvement proposal is to:

- Maintain a good level of light in the halls, where the products can be found and analysed, and lower the level of Lighting in exposition areas and main aisles, taking into advantage the natural light from the ceiling and main entrance of the store.

### **Assure the store's ambience comfort**

These negative results in ambience comfort can be explained or partially explained by a malfunction in the air conditioning of the store while a considerable number of questionnaires was being conducted. Therefore, these results regarding temperature can be explained by this factor that was only registered in one day of collecting the answers. However, this aspect doesn't fully explain the negative results in Ambience Comfort, since this dimension of Ambience comfort includes also the quality of the air and aroma of the store. Therefore, the improvement proposals are:

- The quality of the air and cleanliness need to be assured, so clients can associate the cleanliness of the store to the brand.
- The aroma of the store should be improved, particularly because LEROY MERLIN is a DIY store, where there is the wood cutting service, thus the aroma of wood can be enhanced in a natural way.

### **Develop a pleasant musical environment in the stores**

Indeed, frequent customers don't pay attention to the music environment in the stores. Based on the literature review of this project, music can create a positive effect in the customers' perception of waiting times, thus this atmospheric has a great importance in the creation of an appropriate and satisfying shopping environment. Consequently, the improvement proposal for music environment is:

- Slightly increase the speakers' volume in the store and choose songs to be played at the store that create positive effects in the clients' shopping experience.

## **7.2 Improvements regarding the store atmospherics**

In the case of the satisfaction regarding the merge, there are some improvements that can alter the overall satisfaction of clients towards the new brand. These proposals, implemented both by the store management and the headquarters, should be considered as priorities, since when customers have a negative attitude towards the merge, they will have a negative perception of the store and the brand itself. Some of these improvements can still be applied at the Torres Vedras' store and serve as a test for the stores that will be rebranded in the future.

### **Create focus groups with clients before store rebranding**

The relationship between customers and the brand should be incremented, based on the following measures:

- A few months before the store rebranding, there could be defined focus groups with frequent customers from the city, in order to listen to their concerns, understand what aspects they like or dislike about the store organization and also some suggestions for the new store. This suggestion aims to respond to the difficult adaptation of customers to the new space and layout of the store and impact positively the stores that will be rebranded in the future. By listening to clients before the rebranding, their curiosity to visit the store in the opening new store increases and it can also augment the engagement with the new brand.
- AKI's website should mention the merge and give a brief explanation of the history and process.

### **Conduct informal assessments in order to measure customers' satisfaction**

In order to allow the continuous assessment of customers' satisfaction, the store's management could develop the following improvement proposal:

- Conduct informal assessments with regular deadlines in a weekly basis, so that customers can show their main complaints and perceptions regarding the service quality and advisement by employees.

Also, this action plan can allow customers to give suggestions in general for the store, allowing to develop a greater proximity to the clients while valuing their opinions.

### **Facilitate Change Management within the company**

It is important to guarantee that all employees are onboard in a merge process. In fact, two different business cultures were merged and if the human resources of the company are not aligned, some challenges may arise, such as resignations.

LEROY MERLIN and AKI are merged since January 2019 and there is still no communication of the vision, mission, for instance, of the new company at an internal level. A suggestion to create union and alignment within the company is:

- Co-create the vision, mission and ambition of the new brand with the contribution of all the employees. There are two possible approaches for this improvement proposal: 1) create an online forum in the internal communication platforms, where employees can write or send a video saying their suggestions for what the company should be and 2) the involvement of all employees in the building the future of the company, during several working days and throughout the country.

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These sessions would be facilitated by Human Resources and Internal Communication areas, where the main goal is to guarantee that every employee has a voice and that his or her participation is crucial to define the new company.



## **8. Conclusions**

In the last chapter, there are presented the main conclusions of this study and its contribution to research. Also, there are presented the limitations of the research and some suggestions for the future.

### **8.1 Main conclusions of the project**

The aim of this project is to draw improvement proposals on the company's situation, using the questionnaires conducted in the store as well as validating the hypothesis defined.

This project allowed to reach the conclusion that customers were more satisfied with the brand AKI, when compared to their current satisfaction with LEROY MERLIN. Also, it was verified that there are various types of flaws identified by clients regarding store atmospherics and merge perception.

One of the main conclusions of this project is that the most frequent customers are not satisfied with the current store atmospherics after the store rebranding, which highlights the difficulty of clients of dealing with change. According to the results, the dimensions of atmospherics that clients were less satisfied were Space layout and functionality and Ambience comfort. Besides, this project allowed to find that the perceptions of the store atmospherics are explained by the clients' familiarity with the previous store. Thus, it is possible to verify that a more familiar client has the tendency to be more satisfied, regardless of the brand.

In general, customers are satisfied with the merge of the two brands. However, the customers' attitude with the merge influences their perceptions of the store atmospherics, which justifies the importance of clarifying the merge and rebranding for the next stores that will be rebranded. Besides, their overall satisfaction with the brand is being negatively influenced by the previous brand loyalty towards AKI, since it was verified the difficulty of dealing with the changes, as mentioned before. Also, this project's findings show that the perceived fit and the adjustment between the perception of the two brands and the degree of loyalty to AKI moderate the perceptions of the current atmosphere and the overall satisfaction with the LEROY MERLIN brand.

Consequently, those findings allowed to draw some improvement proposals in order to increase customers' satisfaction regarding the Torres Vedras store and also to assure that the level of brand loyalty with both brands is not affected in the merge process. These suggestions propose a greater coordination between the various departments of the company and within the store

management. Besides, it is important to know what customers think and conduct a concrete action plans, such as developing training actions to better manage the service quality and personal communication with the customer, so that they perceive the value of the merge.

## **8.2 Research contribution and academic discussion**

In this project, some contributions to research have been identified. Also, under a discussing approach regarding the previous studies, it shows a correspondence with previous studies, namely the influence of the atmospherics on the brand perception and overall satisfaction. In general, the findings of this project are aligned with research conducted by previous authors regarding the link between rebranding perception and the previous familiarity of the anterior brand (Dedeoğlu et al, 2018), as well as the previous brand experience (Lee et al, 2006). However the results of this survey are not completely aligned with the previous findings, For instance, it was expectable that long-time clients and frequent customers would only be unsatisfied with the rebranding and wouldn't have a perceived-fit in all the atmospherics (Wang & Wu ,2012); Coulter & Coulter, 2002), as seen partially in the verification of the hypotheses 1.1 and 1.2. For some customers that are very frequent to the store, there were registered positive effects related with the rebranding, and for others the opposite, although it was not for the full range of the atmospherics, as referred above and repeated here: the frequent customers has a positive effect on the Space layout and functionality, while the most frequent customers has a negative effect on Ambience comfort. However, the other hypotheses were validated.

Firstly, the contribution for research is related to the lack of research of mergers in Portugal and especially in the DIY sector. In this project, it is possible to provide a practical view of a merge process in Portugal, especially within companies that were “competitors” and that now are the same brand.

In a Marketing perspective, the present project goes deep into the Portuguese retail environment and also the aspects that are taken into consideration in a rebranding process.

Lastly, this project allowed to identify multiple improvement points that can be adjusted and adopted by multiple companies in the business sector that went through a merge process. Besides, this project revealed that evaluating customers' satisfaction in a merge process can bring multiple insights to the company's identity construction and to the improvement of their products and services.

### **8.3 Limitations**

In the course of the investigation, there were some limitations regarding the process to collect data. As mentioned in Chapter V, the refusal rate at the store of Torres Vedras was high since many shoppers weren't willing to respond.

In addition, the method of data collecting chosen for this study (nonprobability sample of convenience) didn't allow the application of the questionnaire to all clients of the store during those days. Consequently, it is not possible to assume these findings represent the population from where this sample comes from, since there is no guarantee that the sample is representative.

Also, it was not possible to apply the same questionnaire in the stores of Guimarães and Montijo (the following stores rebranded to LEROY MERLIN), since they were not comparable. The store of Torres Vedras opened in June 2018 and the questionnaires were applied in July 2019, thus one year after the rebranding. However, that was not the case for the rebranding of the store of Guimarães (April 2019) and Montijo (May 2019). Thus, the discrepancy of results would be large and not conclusive regarding the goals for this project.

### **8.4 Suggestions of future investigation**

One of the suggestions for the future lies on the application of the same questionnaire in the mentioned stores that were rebranded, but with one condition: the questionnaire is applied one year after the rebranding, in order to be comparable with the Torres Vedras' remodelled as a LEROY MERLIN store. Consequently, this questionnaire should be applied in every store that is rebranded until the end of the transformation plan in 2021, in order to test if the changes and improvements applied in every store reflected in the consumers' satisfaction level remain the same regarding the merge and the store Atmospherics.

Besides, it is relevant to apply this questionnaire in Spain, following the same plan of transformation until 2020. This method is adequate to identify possible divergences between the strategies of the two countries, since Spain rebranded ex-AKI stores into LEROY MERLIN Compact, a type of store that is very similar to a LEROY MERLIN store. Also, LEROY MERLIN Spain create and multiplied the same "compact" formula into all the AKI stores, when in Portugal the specific context and localization is taken into consideration and the range of products is adapted in each rebranded store based on its dimension.

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## 10. Annexes

### Annex 1: Questionnaire

This questionnaire aims to understand the level of satisfaction in the current Leroy Merlin Torres Vedras store after its replacement by the previous AKI brand. Serves as purpose an investigation to obtain the degree of Master in Marketing at ISCTE-IUL. Thank you for your time and sincerity in conducting this questionnaire.

Date: \_\_\_/\_\_\_/\_\_\_ Nr: \_\_\_  
Time: \_\_\_:\_\_\_

#### 2. Type of client:

Professional (buys for works of Construction or Remodeling)

Particular (buys for himself/ herself)

#### 1. How often you visit the store?:

Less than once per month

Once a month

More than once per month

Once a week

Up to 3 times per week

#### 3. How many years have you been a customer of this store of Torres Vedras?

Less than a year

One year ago

Two years ago

For more than two years

#### 4. How old are you?

Up to 30

30-40

41-50

51-60

> 60 years old

5. Gender: Female  Male

6. How familiar are you with the store of Torres Vedras. Indicate your level of agreement with the following sentences, from 1= Totally Disagree to 5= Totally Agree:

	Totally Disagree				Totally Agree	Don't Know
	1	2	3	4	5	
6.1. I am very experienced with this type of stores						
6.2. I often come to this store						
6.3. I'm very familiar with this store						

7. With the replacement of the previous AKI brand by Leroy Merlin, how did you feel? Indicate your level of agreement with the following sentences, from 1= Totally Disagree to 5= Totally Agree:

	Totally Disagree				Totally Agree	Don't know
	1	2	3	4	5	
7.1. It was clear that the old name had been replaced by the current						
7.2. Approved the replacement and merger of the brand						
7.3. You have more positive than negative ideas about this replacement and merger to Leroy Merlin						
7.4. The convergence between Leroy Merlin and AKI has been favourable for me, because when I think of this type of DIY, decoration, garden and building materials shops I think of Leroy as the most suitable brand first						
7.5. Confident about the store's name						
7.6. I recognise the Leroy Merlin brand more easily than AKI						
7.7. Indifferent to replacement because whatever the brand, I always visit this store, for its location and size						

**8. Evaluate the similarity/discrepancy between Leroy Merlin and AKI:**

	<u>Not similar at all</u>				<u>Very similar</u>
	1	2	3	4	5
Price					
Range of <u>products</u>					
<u>Product quality</u>					
Expertise in the field of building materials					
In the employees' form of assistance and advice					
In the form of disposition/ layout and decoration of the store					

**9. What is your degree of satisfaction with the merge and substitution of AKI to Leroy Merlin?**

<u>Extremely Dissatisfied</u>										<u>Extremely Satisfied</u>	<u>Don't Know</u>
1	2	3	4	5	6	7	8	9	10		

**10. How is your relationship with the brand AKI? Indicate your level of agreement with the following sentences, from 1= Totally Disagree to 5= Totally Agree:**

	<u>Totally Disagree</u>				<u>Totally Agree</u>	<u>Don't Know</u>
	1	2	3	4	5	
10.1. I was very loyal to the AKI brand						
10.2 AKI has always been my first choice to buy DIY, decoration, garden and construction materials						
10.3 I remember many positive aspects of AKI						
10.4 I really liked this store when it was AKI						
10.5 I felt a lot of confidence in this AKI store						

**11. How do you evaluate the changes in the store regarding the ambiance and atmospherics:**

	<u>A lot Worse</u>				<u>Greatly Improved</u>	<u>Don't Know</u>
	1	2	3	4	5	
In the type and music selection						
In the music's contribution to a good store environment						
In the sound and rhythm of music						
In store lighting that gives me some comfort						
The light intensity that allows a quick identification of the products						
Suitability of lighting throughout the store						
Floor and space cleaning						
In the quality of the air that allows me to feel relaxed						
<u>In the pleasant aroma</u>						
In the comfortable temperature						
In the ease of finding what I'm looking for						
The clarity of the information that allows a good understanding of the products						
In the decoration of the modern and attractive store						
The suitability of the design to the customer's needs						
The suitability of the layout and organization of the products						
In the ease or fluidity in circulation between the aisles						
In the queue time to be advised by an employee						
The speed of the waiting queue at the cash register						
In the suitability of the number of employees						
In the sympathy of the employees						
In the technical knowledge of the employees						
In the adaptation to moments of high affluence of customers						

**12. What is your degree of satisfaction with the Leroy Merlin brand?**

<u>Extremely Dissatisfied</u>										<u>Extremely Satisfied</u>	<u>Don't Know</u>
1	2	3	4	5	6	7	8	9	10		

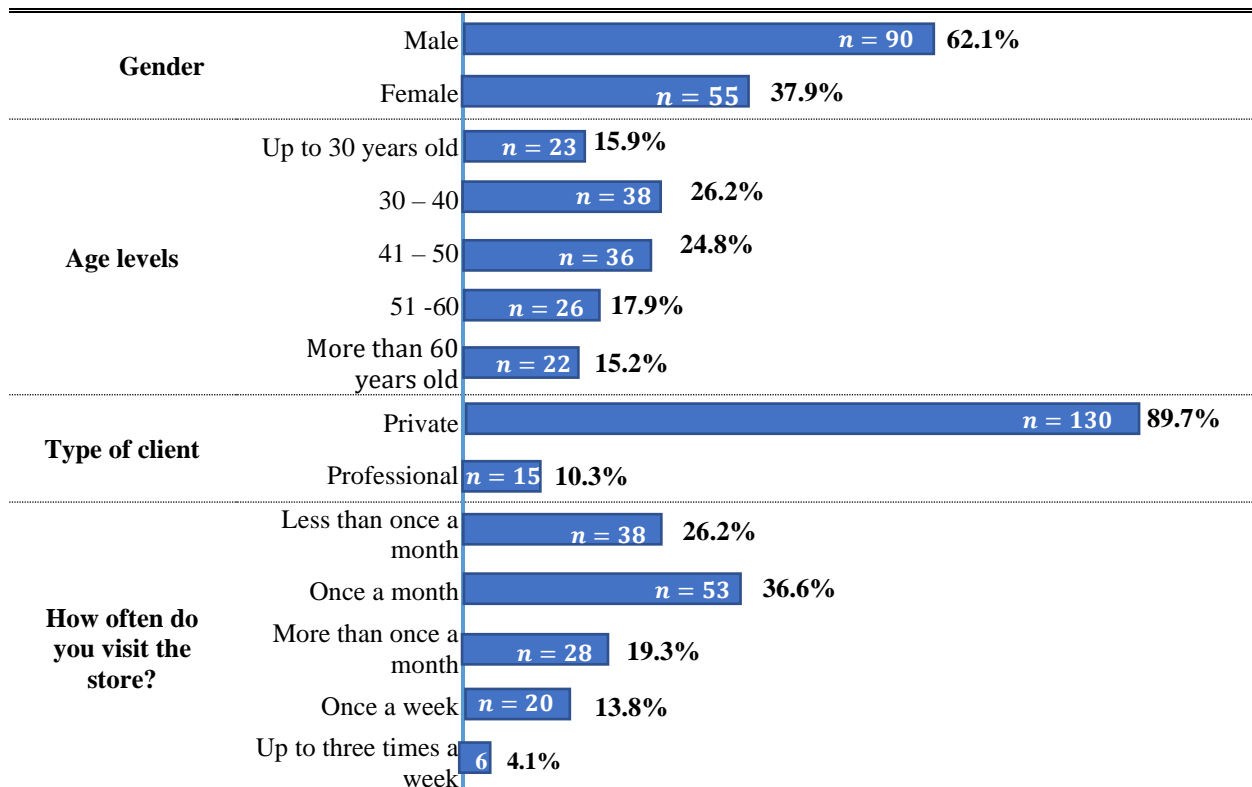
*Thank you for your cooperation!*

## Annex 2: Identification of the independent variables and the moderators

### 1. Identification of the moderators in the relationship between the items of the actual Atmospherics and the Overall satisfaction with the brand LEROY MERLIN

Variables	Classification	Measure
<b>Moderator 1:</b>		
Evaluate the similarity/discrepancy between the two brands = <b>Perceived FIT</b>		
Price	Ordinal variable treated as scale	Ordinal scale of dissimilarity / similarity: 1 – not similar at all 2 – dissimilar 3 – somewhat similar 4 – similar 5 – very similar
Range of products		
Product quality		
Expertise in the field of building materials		
In the employees' form of assistance and advice		
<b>Moderator 2:</b>		
How is your relationship with the brand AKI? = Previous brand loyalty		
I was very loyal to the AKI brand	Ordinal variable treated as scale	Ordinal scale of Agreement / disagreement: 1 – totally disagree 2 – disagree 3 – neither agree or disagree 4 – agree 5 – totally agree
AKI was always my first choice		
I remember many positive aspects of the AKI		
I really liked this store when it was AKI		
I felt a lot of confidence in this AKI store		

## Annex 3: Respondents' profile



<b>How long have you been a customer of this store of Torres Vedras?</b>	Less than a year	<b>n = 19</b>	<b>13.1%</b>
	One year ago	<b>n = 20</b>	<b>13.8%</b>
	Two years ago	<b>9</b>	<b>6.2%</b>
	For more than two years	<b>n = 97</b>	<b>66.9%</b>

## Annex 4: Extracting the components and/or the dimensions

### 1. Familiarity with the store

#### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.669
Bartlett's Test of Sphericity	Approx. Chi-Square 152.196
df	3
Sig.	.000

#### Communalities

	Initial	Extraction
I am very experienced with this type of stores	1.000	.601
I often come to this store	1.000	.755
I'm very familiar with this store	1.000	.801

Extraction Method: Principal Component Analysis.

#### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.157	71.885	71.885	2.157	71.885	71.885
2	.559	18.637	90.523			
3	.284	9.477	100.000			

Extraction Method: Principal Component Analysis.

### 2 Attitudes towards the merge

#### Communalities

	Initial	Extraction
It was clear that the old name had been replaced by the current one	1.000	.549
Approved the replacement and merger of the brand	1.000	.732
You have more positive than negative ideas about this replacement and merger	1.000	.629
The convergence was favorable for me because the brand is important	1.000	.646
Confident about the store's name	1.000	.755
I recognize the LEROY MERLIN brand more easily than AKI	1.000	.582
<b><i>I am indifferent regarding the brand store</i></b>	<b>1.000</b>	<b>.071</b>

Extraction Method: Principal Component Analysis.

#### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.880
Bartlett's Test of Sphericity	Approx. Chi-Square 367.500



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df	15
Sig.	.000

<b>Communalities</b>		
	Initial	Extraction
It was clear that the old name had been replaced by the current one	1.000	.547
I approved the replacement and merger of the brand	1.000	.738
You have more positive than negative ideas about this replacement and merger	1.000	.648
The convergence was favorable for me because the brand is important	1.000	.644
Confident about the store's name	1.000	.748
I recognize the LEROY MERLIN brand more easily than AKI	1.000	.584

Extraction Method: Principal Component Analysis.

<b>Total Variance Explained</b>						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.909	65.156	65.156	3.909	65.156	65.156
2	.639	10.645	75.801			
3	.486	8.096	83.897			
4	.422	7.040	90.937			
5	.286	4.774	95.710			
6	.257	4.290	100.000			

Extraction Method: Principal Component Analysis.

### 3 Perceptions of the Atmospherics

The item 'In the type and music selection' is deleted from the analysis since it has a low communality (0.397).

<b>Communalities</b>		
	Initial	Extraction
In the type and music selection	1.000	.397
In the music's contribution to a good store environment	1.000	.728
In the sound and rhythm of music	1.000	.746
In store lighting that gives me some comfort	1.000	.795
The light intensity that allows a quick identification of the products	1.000	.735
Suitability of lighting throughout the store	1.000	.764
For floor and space cleaning	1.000	.624
In the quality of the air that allows me to feel relaxed	1.000	.679
In the pleasant aroma	1.000	.721
In the comfortable temperature	1.000	.642
In the ease of finding what I'm looking for	1.000	.555
The clarity of the information that allows a good understanding of the products	1.000	.726
In the decoration of the modern and attractive store	1.000	.707
The design suitability to the customer's needs	1.000	.809
The suitability of the layout and organization of the products	1.000	.687
In the ease or fluidity in circulation between the aisles	1.000	.659
In the queue time to be advised by a employee	1.000	.735
The speed of the waiting queue at the cash register	1.000	.693
In the suitability of the number of employees	1.000	.725
In the friendliness of the employees	1.000	.690
In the technical knowledge of the employees	1.000	.639
In the adaptation to moments of high affluence of customers	1.000	.737

Extraction Method: Principal Component Analysis.

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**KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.915
Bartlett's Test of Sphericity Approx. Chi-Square	1769.770
df	210
Sig.	.000

**Communalities**

	Initial	Extraction
In the music's contribution to a good store environment	1.000	.905
In the sound and rhythm of music	1.000	.911
In store lighting that gives me some comfort	1.000	.847
The light intensity that allows a quick identification of the products	1.000	.928
Suitability of lighting throughout the store	1.000	.885
For floor and space cleaning	1.000	.693
In the quality of the air that allows me to feel relaxed	1.000	.838
In the pleasant aroma	1.000	.824
In the comfortable temperature	1.000	.833
In the ease of finding what I'm looking for	1.000	.772
The clarity of the information that allows a good understanding of the products	1.000	.746
In the decoration of the modern and attractive store	1.000	.737
The design suitability to the customer's needs	1.000	.809
The suitability of the layout and organization of the products	1.000	.714
In the ease or fluidity in circulation between the aisles	1.000	.647
In the queue time to be advised by an employee	1.000	.750
The speed of the waiting queue at the cash register	1.000	.711
In the suitability of the number of employees	1.000	.745
In the friendliness of the employees	1.000	.688
In the technical knowledge of the employees	1.000	.664
In the adaptation to moments of high affluence of customers	1.000	.735

Extraction Method: Principal Component Analysis.

**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	11.667	55.556	55.556	11.667	55.556	55.556	4.578	21.798	21.798
2	1.579	7.519	63.076	1.579	7.519	63.076	3.833	18.254	40.052
3	1.370	6.525	69.601	1.370	6.525	69.601	3.285	15.645	55.697
4	1.006	4.789	74.390	1.006	4.789	74.390	2.436	11.598	67.295
5	.758	3.608	77.998	.758	3.608	77.998	2.248	10.703	77.998
6	.736	3.503	81.501						
7	.560	2.664	84.166						
8	.518	2.466	86.632						
9	.427	2.032	88.665						
10	.391	1.862	90.526						
11	.314	1.493	92.019						
12	.298	1.417	93.436						
13	.268	1.275	94.711						
14	.249	1.184	95.895						
15	.173	.824	96.719						
16	.166	.792	97.511						
17	.151	.720	98.231						
18	.143	.681	98.912						
19	.114	.545	99.457						
20	.068	.326	99.783						

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21 .046 .217 100.000

Extraction Method: Principal Component Analysis.

Dimensions:

<b>Reliability Statistics</b>			
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items	
.881	.885	6	

<b>Reliability Statistics</b>			
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items	
.893	.894	6	

<b>Reliability Statistics</b>			
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items	
.899	.900	4	

<b>Reliability Statistics</b>			
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items	
.949	.949	3	

<b>Reliability Statistics</b>			
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items	
.950	.950	2	

COMPUTE D1 = mean(p11.11.p112. p11.13. p11.14. p11.15. p11.6).  
 EXECUTE.  
 COMPUTE D2 = mean(p11.17.p11.18.p11.19. p11.20. p11.21. p11.22).  
 EXECUTE.  
 COMPUTE D3 = mean(p11.7.p11.8. p11.9. p11.10).  
 EXECUTE.  
 COMPUTE D4 = mean(p11.4.p11.5. p11.6)  
 EXECUTE.  
 COMPUTE D5 = mean(p11.2.p11.3).  
 EXECUTE.

**4 Perceived fit**

**KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.784
Bartlett's Test of Sphericity	Approx. Chi-Square 223.929
df	15
Sig.	.000

**Communalities**

	Initial	Extraction
Price	1.000	.841
Range of products	1.000	.786
Product quality	1.000	.674
Expertise in the field of building materials	1.000	.774
In the employees' form of assistance and advice	1.000	.708
In the form of disposition/ layout and decoration of the store	1.000	.809

Extraction Method: Principal Component Analysis.

**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
	1	2.891	48.188	48.188	2.891	48.188	48.188	1.607	26.785
2	.987	16.457	64.645	.987	16.457	64.645	1.536	25.604	52.389
3	.714	11.893	76.538	.714	11.893	76.538	1.449	24.148	76.538
4	.559	9.316	85.854						
5	.473	7.884	93.738						
6	.376	6.262	100.000						

Extraction Method: Principal Component Analysis.

**Dimensions:**

**Reliability Statistics**

Cronbach's Alpha			
Cronbach's Alpha	Based on Standardized Items	N of Items	
.694		.696	2

**Reliability Statistics**

Cronbach's Alpha			
Cronbach's Alpha	Based on Standardized Items	N of Items	
.649		.651	2

**Reliability Statistics**

Cronbach's Alpha			
Cronbach's Alpha	Based on Standardized Items	N of Items	
.660		.664	3

According to Nunnally (1978). reliability at or above 0.70 is adequate. The values of the Cronbach's Alpha are very close to 0.7 and the dimensions were computed as:

```
COMPUTE PFIT1 = mean(p8.2.p8.4).
EXECUTE.
COMPUTE PFTIT2 = mean(p8.6.p8.5).
EXECUTE.
COMPUTE PFIT3 = mean(p8.1.p8.3).
EXECUTE.
```

**Annex 5: Regression estimations when the dependent variable is each of the dimensions of the Atmospherics' Perceptions**

**D1 - Space layout and functionality**

**Casewise Diagnostics<sup>a</sup>**

Case Number	Std. Residual	D1	Predicted Value	Residual
23	-2.481	2.33	3.8834	-1.55002
40	-2.010	3.17	4.4225	-1.25580
120	-2.317	2.00	3.4476	-1.44755
126	-2.720	1.67	3.3659	-1.69927
137	-5.478	1.00	4.4225	-3.42246

a. Dependent Variable: D1

**Decision:** The observations 23, 40, 126, and 137 were eliminated because they are outliers.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.677 <sup>a</sup>	.458	.453	.45946
2	.691 <sup>b</sup>	.478	.468	.45294
3	.707 <sup>c</sup>	.500	.486	.44544

a. Predictors: (Constant), Attitude with the merge

b. Predictors: (Constant), Attitude with the merge, p3=2 years ago

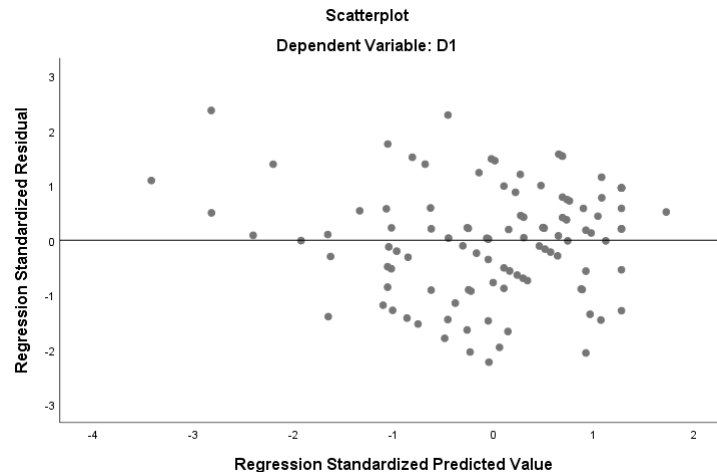
c. Predictors: (Constant), Attitude with the merge, p3=2 years ago, p1=Once a week

d. Dependent Variable: D1

Model		Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	4.014	.044		92.038	.000		
	Attitude with the merge	.422	.044	.677	9.592	.000	1.000	1.000
2	(Constant)	3.992	.044		90.227	.000		
	Attitude with the merge	.439	.044	.703	9.939	.000	.967	1.035
	p3=2 years ago	.394	.193	.144	2.039	.044	.967	1.035
3	(Constant)	<b>4.029</b>	<b>.047</b>		<b>86.379</b>	<b>.000</b>		
	Attitude with the merge	.453	.044	.725	10.313	.000	.946	1.057
	p3=2 years ago	.454	.192	.166	2.365	.020	.946	1.057
	p1=Once a week	-.258	.120	-.150	-2.161	.033	.965	1.036

a. Dependent Variable: D1

**Validation of the hypothesis concerning with the homogeneity of the variances of the random errors:**



**Decision:** since the circles are randomly distributed with respect to zero, this hypothesis is validated.

**Validation of the hypothesis concerning with the normality of the random errors:**

	Statistic	Std. Error
Mean	.0000000	.09361255

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Standardized Residual	95% Confidence Interval for Mean	Lower Bound	-.1855181
		Upper Bound	.1855181
5% Trimmed Mean			.0061699
Median			.0813244
Variance			.973
Std. Deviation			.98626937
Minimum			-2.22904
Maximum			2.37405
Range			4.60309
Interquartile Range			1.28372
<b>Skewness</b>			<b>-.120</b> <b>.229</b>
Kurtosis			-.334 .455

Tests of Normality						
	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.
Standardized Residual	.081	111	.069	.987	111	.369

a. Lilliefors Significance Correction

**Decision:** the errors follow approximately normal distribution

**Validation of the hypothesis concerning with the problem of multicollinearity:**

**Decision:** The variance inflation factor is less than 2 and close to 1. Thus, there is not that problem, meaning that the independent variables retained in the last step are not correlated with each other.

**4D2 - Efficiency and crowd as the dependent variable**

Casewise Diagnostics <sup>a</sup>				
Case Number	Std. Residual	D2	Predicted Value	Residual
13	-2.414	2.20	4.0703	-1.87033
24	-2.163	2.20	3.8762	-1.67620
104	-2.125	1.83	3.4687	-1.63538
120	-3.170	1.00	3.4402	-2.44018
137	-4.017	1.00	4.0016	-3.09157

a. Dependent Variable: D2

**Decision:** The observations 13. 24. 104. 131 and 137 were eliminated because they are outliers.

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.4359 <sup>a</sup>	.189	.181	.66406

a. Predictors: (Constant). Attitude with the merge

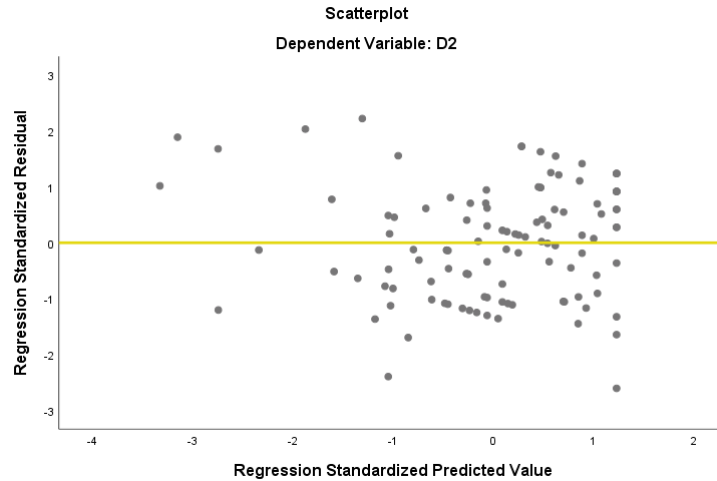
b. Dependent Variable: D2

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	3.836	.063		62.124	.000		

<b>Attitude with the merge</b>	<b>.319</b>	<b>.063</b>	<b>.435</b>	<b>5.060</b>	<b>.000</b>	<b>1.000</b>	<b>1.000</b>
--------------------------------	-------------	-------------	-------------	--------------	-------------	--------------	--------------

a. Dependent Variable: D2

**Validation of the hypothesis concerning with the homogeneity of the variances of the random errors:**



**Decision:** there is homogeneity of the variance of the random errors.

**Validation of the hypothesis concerning with the normality of the random errors:**

Tests of Normality						
	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Standardized Residual	.054	112	.200*	.981	112	.102

\*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

**Decision:** the normal distribution of the random errors follow normal distribution ( $KS_{112} = 0.054; p - value = 0.200$ ).

**D3 – Ambience comfort**

Casewise Diagnostics <sup>a</sup>				
Case Number	Std. Residual	D3	Predicted Value	Residual
137	-4.039	1.00	3.8966	-2.89657
140	2.555	5.00	3.1674	1.83262

a. Dependent Variable: D3

**Decision:** The observations 137 and 140 were eliminated because they are outliers.

Model Summary <sup>d</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.368 <sup>a</sup>	.136	.128	.65541

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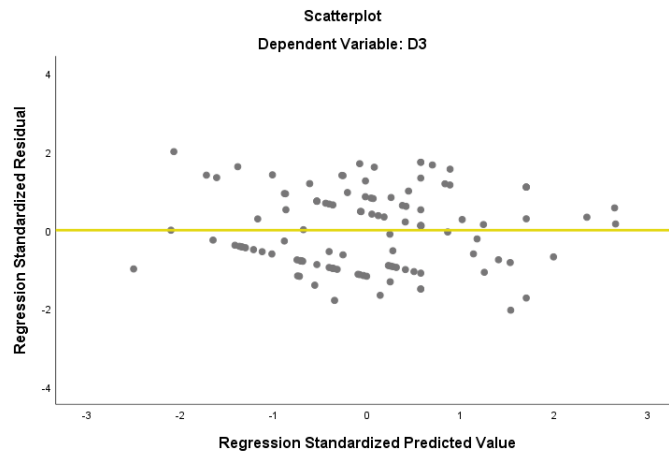
2	.438 <sup>b</sup>	.192	.177	.63653
3	<b>.495<sup>c</sup></b>	<b>.245</b>	<b>.224</b>	<b>.61806</b>

- a. Predictors: (Constant). Attitude with the merge
- b. Predictors: (Constant). Attitude with the merge. p3=For more than 2 years
- c. Predictors: (Constant). Attitude with the merge. p3=For more than 2 years. p1=Up to 3 times a week
- d. Dependent Variable: D3

		Coefficients <sup>a</sup>				Collinearity Statistics		
		Unstandardized Coefficients		Standardized Coefficients				
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	3.718	.062		60.233	.000		
	Attitude with the merge	.281	.067	.368	4.172	.000	1.000	1.000
2	(Constant)	3.983	.113		35.263	.000		
	Attitude with the merge	.306	.066	.400	4.625	.000	.982	1.018
	p3=For more than 2 years	-.372	.134	-.240	-2.771	.007	.982	1.018
3	(Constant)	<b>3.960</b>	<b>.110</b>		<b>35.996</b>	<b>.000</b>		
	Attitude with the merge	<b>.299</b>	<b>.064</b>	<b>.392</b>	<b>4.661</b>	<b>.000</b>	<b>.981</b>	<b>1.019</b>
	p3=For more than 2 years	<b>-.392</b>	<b>.130</b>	<b>-.253</b>	<b>-3.005</b>	<b>.003</b>	<b>.979</b>	<b>1.021</b>
	p1=Up to 3 times a week	<b>.720</b>	<b>.260</b>	<b>.231</b>	<b>2.770</b>	<b>.007</b>	<b>.995</b>	<b>1.005</b>

a. Dependent Variable: D3

**Validation of the hypothesis concerning with the homogeneity of the variances of the random errors:**



**Validation of the hypothesis concerning with the normality of the random errors:**

Descriptives				
		Statistic	Std. Error	
Standardized Residual	Mean	.0000000	.09280364	
	95% Confidence Interval for Mean	Lower Bound	-.1838785	
		Upper Bound	.1838785	
	5% Trimmed Mean	-.0017952		
	Median	.0126465		
	Variance	.973		
	Std. Deviation	.98651624		

$$\frac{Skewness}{Std. Error} \approx \frac{0.104}{0.227} \approx 0.458$$



Minimum	-2.04234	
Maximum	2.00484	
Range	4.04718	
Interquartile Range	1.70338	
<i>Skewness</i>	<i>.104</i>	<i>.227</i>
Kurtosis	-1.073	.451

Tests of Normality						
	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Standardized Residual	<i>.106</i>	<i>113</i>	<i>.003</i>	.964	113	.004

a. Lilliefors Significance Correction

**Decision:** the random errors follow approximately normal distribution.

**Validation of the hypothesis concerning with the problem of multicollinearity:**

Decision: The variance inflation factor is less than 2 and close to 1. Thus, there is not that problem. meaning that the independent variables in the last step are not correlated with each other.

**D4 – Pleasant light intensity**

Casewise Diagnostics <sup>a</sup>					
Case Number	Std. Residual	D4	Predicted Value	Residual	
120	-3.340	1.00	3.5660	-2.56599	
137	-4.382	1.00	4.3665	-3.36651	
140	2.562	5.00	3.0314	1.96858	

a. Dependent Variable: D4

**Decision:** The observations 120, 137 and 140 were eliminated because they are outliers.

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	<i>.510<sup>a</sup></i>	<i>.260</i>	<i>.253</i>	<i>.63058</i>

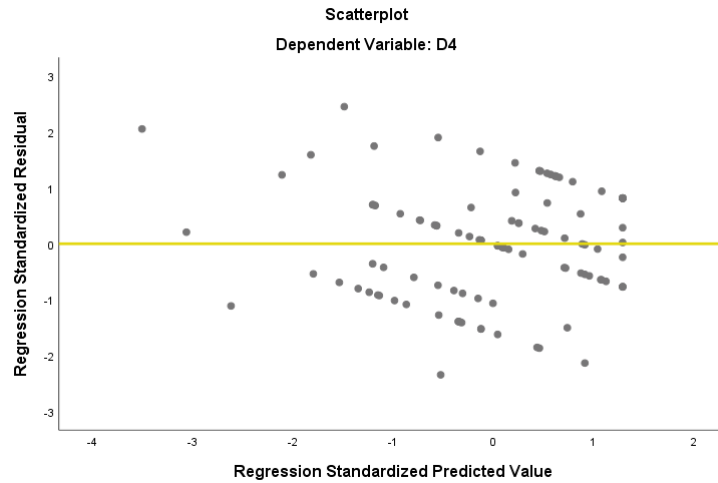
a. Predictors: (Constant), Attitude with the merge

b. Dependent Variable: D4

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.996	.060		66.126	.000		
	Attitude with the merge	.407	.066	.510	6.125	.000	1.000	1.000

a. Dependent Variable: D4

**Validation of the hypothesis concerning with the homogeneity of the variances of the random errors:**



**Validation of the hypothesis concerning with the normality of the random errors:**

Tests of Normality						
	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Standardized Residual	.056	109	.200*	.991	109	.724

\*. This is a lower bound of the true significance.  
 a. Lilliefors Significance Correction

**Decision:** the random errors follow approximately normal distribution.

**D5 - Music environment**

Casewise Diagnostics <sup>a</sup>				
Case Number	Std. Residual	D5	Predicted Value	Residual
53	2.204	5.00	3.0703	1.92972
102	-2.656	2.00	4.3253	-2.32527
120	-2.375	1.00	3.0792	-2.07915
131	-2.442	1.50	3.6379	-2.13794
137	-2.655	1.00	3.3246	-2.32458

a. Dependent Variable: D5

**Decision:** The observations 5, 53, 120, 131 and 137 were eliminated because they are outliers.

Model Summary <sup>c</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.427 <sup>a</sup>	.183	.173	.74341
2	.496 <sup>b</sup>	.246	.229	.71808

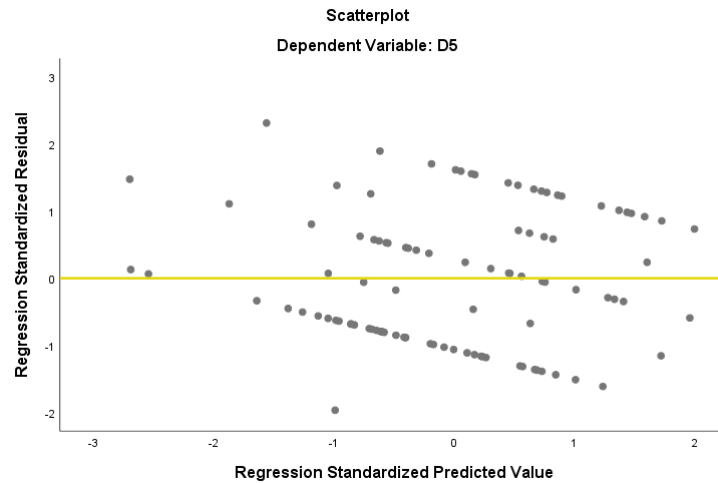
a. Predictors: (Constant), Familiarity with the store  
 b. Predictors: (Constant), Familiarity with the store, Attitude with the merge  
 c. Dependent Variable: D5

Coefficients <sup>a</sup>									
Model		Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta				Tolerance	VIF
1	(Constant)	3.741	.078			47.893	.000		
	Familiarity with the store	.410	.092	.427		4.458	.000	1.000	1.000

2 (Constant)	3.753	.076		49.656	.000		
Familiarity with the store	.311	.096	.324	3.243	.002	.857	1.167
Attitude with the merge	.223	.082	.272	2.718	.008	.857	1.167

a. Dependent Variable: D5

**Validation of the hypothesis concerning with the homogeneity of the variances of the random errors:**



**Validation of the hypothesis concerning with the normality of the random errors:**

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Standardized Residual	.068	91	.200*	.990	91	.729

\*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

**Decision:** the random errors follow approximately normal distribution.

**Validation of the hypothesis concerning with the problem of multicollinearity:**

**Decision:** The variance inflation factor is less than 2 and close to 1. Thus, there is not that problem, meaning that the independent variables in the last step are not correlated with each other.

## Annex 6: Estimations of the models with moderated variables when the dependent variable is the Overall satisfaction with the new brand

### ESTIMATIONS OF MODEL 2.1

- Y: Overall satisfaction with the new brand
- X: Efficiency and crowd
- W: Perceived FIT: product range
- Z: Previous brand loyalty

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Sample Size: 139

Model Summary

R	R-sq	MSE	F	df1	df2	p
.533	.284	2.358	10.566	5.000	133.000	.000

Model

	coeff	se	t	p	LLCI	ULCI
constant	7.963	.132	60.448	.000	7.702	8.223
D2	.966	.173	5.590	.000	.624	1.307
FIT1	.207	.137	1.514	.132	-.063	.477
Int_1	-.400	.163	-2.449	.016	-.723	-.077
Brandloyal	-.162	.134	-1.212	.228	-.427	.103
Int_2	-.103	.147	-.702	.484	-.394	.188

Product terms key:

Int_1	:	D2	x	FIT1
Int_2	:	D2	x	Brandloyal

Test(s) of highest order unconditional interaction(s):

	R2-chng	F	df1	df2	p
X*W	.032	5.998	1.000	133.000	.016
X*Z	.003	.493	1.000	133.000	.484

-----

Focal predict: D2 (X)  
 Mod var: FIT1 (W)  
 Mod var: Brandloyal (Z)

Conditional effects of the focal predictor at values of the moderator(s):

FIT1	Brandloyal	Effect	se	t	p	LLCI	ULCI
-1.032	-1.000	1.482	.224	6.628	.000	1.039	1.924
-1.032	.000	1.378	.210	6.577	.000	.964	1.793
-1.032	1.000	1.275	.285	4.478	.000	.712	1.839
.000	-1.000	1.069	.231	4.631	.000	.612	1.525
.000	.000	.966	.173	5.590	.000	.624	1.307
.000	1.000	.863	.223	3.872	.000	.422	1.303
1.032	-1.000	.656	.337	1.948	.053	-.010	1.322
1.032	.000	.553	.269	2.053	.042	.020	1.086
1.032	1.000	.450	.274	1.643	.103	-.092	.991

**ESTIMATIONS OF MODEL 2.2**

Y: Overall satisfaction with the new brand  
 X: D3 - Ambience comfort  
 W: PFIT1 - product range  
 Z: FAC1\_4- Previous brand loyalty

Sample Size: 138

\*\*\*\*\*

OUTCOME VARIABLE:

p12

Model Summary

R	R-sq	MSE	F	df1	df2	p
.412	.169	2.703	5.383	5.000	132.000	.000

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Model	coeff	se	t	p	LLCI	ULCI
constant	7.999	.142	56.415	.000	7.719	8.280
D3	.581	.195	2.977	.003	.195	.967
PFIT1	.249	.143	1.737	.085	-.035	.533
Int_1	-.354	.168	-2.100	.038	-.687	-.021
FAC1_4	-.108	.143	-.753	.453	-.391	.176
Int_2	-.285	.167	-1.711	.089	-.614	.045

Product terms key:

Int\_1 : D3 x PFIT1  
 Int\_2 : D3 x FAC1\_4

Test(s) of highest order unconditional interaction(s):

	R2-chng	F	df1	df2	p
X*W	.028	4.412	1.000	132.000	.038
X*Z	.018	2.927	1.000	132.000	.089

Conditional effects of the focal predictor at values of the moderator(s):

PFIT1	FAC1_4	Effect	se	t	p	LLCI	ULCI
-1.025	-1.003	1.230	.252	4.877	.000	.731	1.728
-1.025	.000	.944	.227	4.152	.000	.494	1.393
-1.025	1.003	.658	.309	2.128	.035	.046	1.269
.000	-1.003	.867	.263	3.294	.001	.346	1.388
.000	.000	.581	.195	2.977	.003	.195	.967
.000	1.003	.295	.250	1.179	.240	-.200	.791
1.025	-1.003	.504	.367	1.375	.172	-.221	1.230
1.025	.000	.219	.290	.754	.452	-.355	.792
1.025	1.003	-.067	.299	-.224	.823	-.659	.525

**ESTIMATIONS OF MODEL 2.3**

Y: p12  
 X: D3 - Ambience comfort  
 W: PFIT2 - In-store environment  
 Z: FAC1\_4

Sample Size: 138

\*\*\*\*\*

OUTCOME VARIABLE:

p12

Model Summary

R	R-sq	MSE	F	df1	df2	p
.431	.186	2.650	6.016	5.000	132.000	.000

Model

	coeff	se	t	p	LLCI	ULCI
constant	8.027	.141	57.070	.000	7.749	8.306
D3	.599	.192	3.124	.002	.220	.978
PFIT2	-.033	.136	-.243	.808	-.301	.235
Int_1	-.493	.168	-2.932	.004	-.826	-.160
FAC1_4	-.055	.144	-.385	.701	-.340	.229
Int_2	-.163	.177	-.921	.359	-.514	.187

Product terms key:

Int\_1 : D3 x PFIT2

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Int\_2 : D3 x FAC1\_4

Test(s) of highest order unconditional interaction(s):

	R2-chng	F	df1	df2	p
X*W	.053	8.596	1.000	132.000	.004
X*Z	.005	.847	1.000	132.000	.359

Conditional effects of the focal predictor at values of the moderator(s):

PFIT2	FAC1_4	Effect	se	t	p	LLCI	ULCI
-1.054	-1.003	1.282	.247	5.181	.000	.793	1.771
-1.054	.000	1.118	.238	4.696	.000	.647	1.589
-1.054	1.003	.955	.340	2.811	.006	.283	1.627
.000	-1.003	.762	.268	2.84	.005	.233	1.292
.000	.000	.599	.192	3.124	.002	.220	.978
.000	1.003	.435	.255	1.707	.090	-.069	.939
1.054	-1.003	.243	.381	.637	.525	-.511	.996
1.054	.000	.079	.282	.280	.780	-.479	.637
1.054	1.003	-.085	.278	-.304	.762	-.635	.466

**ESTIMATIONS OF MODEL 2.4**

Y: p12  
 X: D4 - Pleasant light intensity  
 W: PFIT2 - In-store environment  
 Z: FAC1\_4

Sample Size: 132

\*\*\*\*\*

OUTCOME VARIABLE:

p12

Model Summary

R	R-sq	MSE	F	df1	df2	p
.555	.308	2.304	11.229	5.000	126.000	.000

Model

	coeff	se	t	p	LLCI	ULCI
constant	8.023	.134	60.081	.000	7.759	8.288
D4	.900	.176	5.104	.000	.551	1.249
PFIT2	-.148	.131	-1.127	.262	-.407	.111
Int_1	-.432	.142	-3.044	.003	-.712	-.151
FAC1_4	-.069	.135	-.513	.609	-.337	.198
Int_2	.027	.166	.165	.869	-.301	.356

Product terms key:

Int\_1 : D4 x PFIT2  
 Int\_2 : D4 x FAC1\_4

Test(s) of highest order unconditional interaction(s):

	R2-chng	F	df1	df2	p
X*W	.051	9.264	1.000	126.000	.003
X*Z	.000	.027	1.000	126.000	.869

Conditional effects of the focal predictor at values of the moderator(s):

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PFIT2	FAC1_4	Effect	se	t	p	LLCI	ULCI
-1.057	-1.006	1.329	.205	6.481	.000	.923	1.734
-1.057	.000	1.356	.194	7.006	.000	.973	1.739
-1.057	1.006	1.384	.298	4.647	.000	.795	1.973
.000	-1.006	.873	.252	3.463	.001	.374	1.371
.000	.000	.900	.176	5.104	.000	.551	1.249
.000	1.006	.928	.233	3.975	.000	.466	1.390
1.057	-1.006	.417	.360	1.156	.250	-.297	1.130
1.057	.000	.444	.264	1.683	.095	-.078	.966
1.057	1.006	.472	.255	1.847	.067	-.034	.977

**ESTIMATIONS OF MODEL 2.5**

Y : p12  
 X : Music environment  
 W : Perceived FIT: in-store environment  
 Z : Brand\_loyalty

Sample  
 Size: 103

\*\*\*\*\*  
 OUTCOME VARIABLE:  
 p12

Model Summary

R	R-sq	MSE	F	df1	df2	p
.518	.268	2.785	7.103	5.000	97.000	.000

Model

	coeff	se	t	p	LLCI	ULCI
constant	8.104	.167	48.481	.000	7.772	8.436
D5	.629	.193	3.265	.002	.247	1.011
FIT2	-.112	.162	-.691	.491	-.433	.209
Int_1	-.359	.139	-2.584	.011	-.636	-.083
Brandlo	-.049	.170	-.289	.773	-.387	.289
Int_2	-.237	.168	-1.414	.161	-.569	.096

Product terms key:

Int\_1 : D5 x FIT2  
 Int\_2 : D5 x Brand\_lo

Test(s) of highest order unconditional interaction(s):

	R2-chng	F	df1	df2	p
X*W	.050	6.675	1.000	97.000	.011
X*Z	.015	1.999	1.000	97.000	.161

-----

Focal predict: Music environment (X)  
 Mod var: Perceived FIT: in-store environment (W)  
 Mod var: Brand\_loyalty (Z)

Conditional effects of the focal predictor at values of the moderator(s):

FIT2	Brand_lo	Effect	se	t	p	LLCI	ULCI
-1.071	-.995	1.249	.220	5.681	.000	.813	1.686
-1.071	.000	1.014	.217	4.671	.000	.583	1.444
-1.071	.995	.778	.318	2.443	.016	.146	1.410
.000	-.995	.864	.246	3.510	.001	.376	1.353
.000	.000	.629	.193	3.265	.002	.247	1.011
.000	.995	.393	.263	1.495	.138	-.129	.915

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1.071	-.995	.480	.342	1.400	.165	-.200	1.159
1.071	.000	.244	.267	.912	.364	-.287	.774
1.071	.995	.008	.285	.029	.977	-.557	.574

**ESTIMATIONS OF MODEL 2.6**

Y : p12  
X : Efficiency and crowd  
W : Perceived FIT: price and quality  
Z : Brand-loyalty

Sample

Size: 139

\*\*\*\*\*

OUTCOME VARIABLE:

p12

Model Summary

R	R-sq	MSE	F	df1	df2	p
.547	.299	2.309	11.349	5.000	133.000	.000

Model

	coeff	se	t	p	LLCI	ULCI
constant	7.978	.131	61.082	.000	7.720	8.236
D2	.962	.170	5.668	.000	.626	1.297
FIT3	.256	.142	1.810	.073	-.024	.536
Int_1	-.417	.173	-2.407	.017	-.759	-.074
Brand_lo	-.165	.137	-1.201	.232	-.437	.107
Int_2	-.029	.163	-.180	.857	-.353	.294

Product terms key:

Int\_1 : D2 x FIT3  
Int\_2 : D2 x Brand\_lo

Test(s) of highest order unconditional interaction(s):

	R2-chng	F	df1	df2	p
X*W	.031	5.791	1.000	133.000	.017
X*Z	.000	.032	1.000	133.000	.857

-----

Focal predict: D2 (X)  
Mod var: FIT3 (W)  
Mod var: Brand\_lo (Z)

Conditional effects of the focal predictor at values of the moderator(s):

FIT3	Brand_lo	Effect	se	t	p	LLCI	ULCI
-.965	-1.000	1.393	.212	6.563	.000	.973	1.813
-.965	.000	1.364	.215	6.356	.000	.939	1.788
-.965	1.000	1.334	.317	4.211	.000	.708	1.961
.000	-1.000	.991	.241	4.104	.000	.513	1.469
.000	.000	.962	.170	5.668	.000	.626	1.297
.000	1.000	.932	.229	4.062	.000	.478	1.386
.965	-1.000	.589	.357	1.650	.101	-.117	1.295
.965	.000	.559	.260	2.155	.033	.046	1.073
.965	1.000	.530	.246	2.150	.033	.042	1.018

Y: p12



*Store atmospherics and the impact on the satisfaction level and rebranding perception*

X: D5 - Music environment  
W: PFIT3 - price and quality  
Z: FAC1\_4

Sample Size: 103

\*\*\*\*\*

OUTCOME VARIABLE:

p12

Model Summary

R	R-sq	MSE	F	df1	df2	p
.505	.255	2.833	6.648	5.000	97.000	.000

Model

	coeff	se	t	p	LLCI	ULCI
constant	8.036	.167	48.136	.000	7.704	8.367
D5	.719	.187	3.853	.000	.349	1.089
PFIT3	.415	.182	2.286	.024	.055	.775
Int_1	.006	.189	.033	.974	-.368	.381
FAC1_4	-.205	.182	-1.126	.263	-.566	.156
Int_2	-.393	.192	-2.047	.043	-.774	-.012

Product terms key:

Int_1	:	D5	x	PFIT3
Int_2	:	D5	x	FAC1_4

Test(s) of highest order unconditional interaction(s):

	R2-chng	F	df1	df2	p
X*W	.000	.001	1.000	97.000	.974
X*Z	.032	4.188	1.000	97.000	.043

Conditional effects of the focal predictor at values of the moderator(s):

PFIT3	FAC1_4	Effect	se	t	p	LLCI	ULCI
-.995	-.995	1.104	.221	4.999	.000	.665	1.542
-.995	.000	.713	.249	2.868	.005	.220	1.206
-.995	.995	.322	.384	.838	.404	-.441	1.085
.000	-.995	1.110	.256	4.336	.000	.602	1.618
.000	.000	.719	.187	3.853	.000	.349	1.089
.000	.995	.328	.278	1.183	.240	-.222	.879
.995	-.995	1.116	.391	2.855	.005	.340	1.892
.995	.000	.725	.280	2.591	.011	.170	1.281
.995	.995	.334	.277	1.207	.230	-.216	.885

**ESTIMATIONS OF MODEL 2.7**

Y: p12  
X: D5  
W: PFIT2  
Z: FAC1\_4

Sample Size: 103

\*\*\*\*\*

OUTCOME VARIABLE:

p12

Model Summary

R	R-sq	MSE	F	df1	df2	p
.518	.268	2.785	7.103	5.000	97.000	.000

*Store atmospherics and the impact on the satisfaction level and rebranding perception*

Model	coeff	se	t	p	LLCI	ULCI
constant	8.104	.167	48.481	.000	7.772	8.436
D5	.629	.193	3.265	.002	.247	1.011
PFIT2	-.112	.162	-.691	.491	-.433	.209
Int_1	-.359	.139	-2.584	.011	-.636	-.083
FAC1_4	-.049	.170	-.289	.773	-.387	.289
Int_2	-.237	.168	-1.414	.161	-.569	.096

Product terms key:

Int\_1 : D5 x PFIT2  
 Int\_2 : D5 x FAC1\_4

Test(s) of highest order unconditional interaction(s):

	R2-chng	F	df1	df2	p
X*W	.050	6.675	1.000	97.000	.011
X*Z	.015	1.999	1.000	97.000	.161

Conditional effects of the focal predictor at values of the moderator(s):

PFIT2	FAC1_4	Effect	se	t	p	LLCI	ULCI
-1.071	-.995	1.249	.220	5.681	.000	.813	1.686
-1.071	.000	1.014	.217	4.671	.000	.583	1.444
-1.071	.995	.778	.318	2.443	.016	.146	1.410
.000	-.995	.864	.246	3.510	.001	.376	1.353
.000	.000	.629	.193	3.265	.002	.247	1.011
.000	.995	.393	.263	1.495	.138	-.129	.915
1.071	-.995	.480	.342	1.400	.165	-.200	1.159
1.071	.000	.244	.267	.912	.364	-.287	.774
1.071	.995	.008	.285	.029	.977	-.557	.574

Y : Overall satisfaction with the new merge  
 X : Music environment  
 W : Perceived FIT: product range  
 Z : Previous brand loyalty

Sample

Size: 103

\*\*\*\*\*

OUTCOME VARIABLE:

p12

Model Summary

R	R-sq	MSE	F	df1	df2	p
.465	.216	2.983	5.341	5.000	97.000	.000

Model

	coeff	se	t	p	LLCI	ULCI
constant	8.037	.171	46.913	.000	7.697	8.377
D5	.716	.194	3.695	.000	.332	1.101
FIT1	.027	.175	.156	.876	-.321	.375
Int_1	.067	.171	.390	.697	-.272	.405
Brandloy	-.063	.175	-.360	.720	-.410	.285
Int_2	-.453	.169	-2.684	.009	-.788	-.118

Product terms key:

Int\_1 : D5 x FIT1  
 Int\_2 : D5 x Brandloy

Test(s) of highest order unconditional interaction(s):

	R2-chng	F	df1	df2	p
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*Store atmospherics and the impact on the satisfaction level and rebranding perception*

X*W	.001	.152	1.000	97.000	.697
X*Z	.058	7.206	1.000	97.000	.009

-----

Focal predict: D5 (X)  
 Mod var: FIT1 (W)  
 Mod var: Brandloy (Z)

Conditional effects of the focal predictor at values of the moderator(s):

FIT1	Brandloy	Effect	se	t	p	LLCI	ULCI
-1.023	-.995	1.099	.233	4.714	.000	.636	1.562
-1.023	.000	.648	.236	2.750	.007	.180	1.116
-1.023	.995	.197	.336	.587	.559	-.470	.865
.000	-.995	1.167	.244	4.785	.000	.683	1.652
.000	.000	.716	.194	3.695	.000	.332	1.101
.000	.995	.265	.269	.989	.325	-.267	.798
1.02	-.995	1.236	.355	3.485	.001	.532	1.939
1.023	.000	.785	.284	2.763	.007	.221	1.348
1.023	.995	.334	.303	1.100	.274	-.269	.936