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A CONSULTING LAB ON GALP'S C-STORE B2C MARKETING STRATEGY – INTERNAL ANALYSIS, TRENDS AND BEST PRACTICES

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Abstract

This project goal is to support Galp in adapting its C-Store concept to the evolving consumer trends and increase this business's relevance. Digitalization, personalization, and diversification are trends that are shaping the increasingly relevant concept of convenience, which itself is continuously evolving. To understand how to leverage Galp's C-Store value proposition, a market analysis, with a benchmark and best practice's identification, a customer profile analysis, including the identification of personas, and a concept testing and validation have been conducted within this project. The outcomes are four recommendations, two of which both an MVP and a Pilot Test are suggested.

Keywords: Marketing, Strategy Consulting, Convenience, C-Store, Retail, Gas Station, B2C, Phygital, Digitalization, Personalization, Diversification, Customer Experience

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List of abbreviations

B2C – Business to Consumer

CAPEX – Capital Expenditure

CFFO – Cash-Flow from Operations

C-Store – Convenience Store

CX – Customer Experience

CJ – Customer Journey

EBIT – Earnings before Interests and Taxes

EBITDA – Earnings before Interests, Taxes, Depreciation and Amortizations

GDP – Gross Domestic Product

LPG – Liquefied Petroleum Gas

MVP – Minimum Viable Product

NPV – Net Present Value

OFC – Operating Cash-Flow

RCA – Replacement Cost Adjusted

USP – Unique Selling Proposition

YoY – Year-over-Year

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1. Executive Summary

Galp is a multinational energy company from Portugal which is present in ten countries and four different continents. It operates mainly within the Oil & Gas, and Electricity industries and its activities are separated into four main categories: Upstream, Commercial, Industrial & Energy Management and Renewables & New Ventures.

Within the **convenience** segment, the company possesses a **large network of stores** with recognized awareness. Investing in these stores' transformation and adaptation to modern times is an objective of Galp as the convenience channel has been increasing in importance in several countries. **Customers value time efficiency** and are keen on following **healthy lifestyles**. Convenience stores, therefore, pose a great option for these clients to satisfy their needs due to the proximity they have to their commutes or homes. Moreover, digital and e-commerce services are on the rise globally and work as an exciting vehicle in convenience stores' favor, if explored wisely.

The challenge, therefore, is on **how to delight customers while keeping up with new market trends**, enhancing customer loyalty in both the physical and digital spheres for different customer segments and shopping missions, all while capitalizing on all these efforts. Throughout this thesis, the team tackles this challenge and suggests that by **strategically harmonizing the brand's versatility, product assortment and technology offering** it is possible to accomplish this feat successfully.

Based on the aforementioned information, this project aims to develop recommendations that contribute to a thorough and robust **Marketing Strategy for new Galp C-Stores** to follow. In order to do so, the project is broken down into three stages with different objectives. On the Diagnosis, the first level, the goal is to situate Galp's activity among its national and international convenience industry peers. The second level, the Analysis, is where Galp's current customers' behaviors, perceptions, shopping journeys and missions are assessed, thus allowing the formulation of Personas that will be relevant for the last stage of the project. The final level is the Roadmap. Here is where the team crafts and presents a Marketing Strategy Proposal, **recommendations set and the respective implementation roadmap**. Each recommendation will be **fitted among three different categories: Brand, Assortment and Technology**. These recommendations will be measured in terms of relevance towards each developed Persona. Finally, an Action Priority Matrix is used to filter the most important initiatives and highlight which ones should advance with a Pilot Test.

2. Project Overview

2.1 Project Context and Governance

Consulting Labs confront students with real-world business projects and clients. Each business challenge is to be solved by a group of students in co-creation with the respective client, benefiting both sides. Students are able to conduct a **real-life consultancy project**, for a top management team, while applying all their skills and theoretical knowledge. The opportunity to take part in a real challenge and work with skilled and experienced professionals, enables the development of better work methods as well as sharper interpersonal skills. On top of that, as in all consulting projects, the challenges are very demanding, and students are expected to **acquire deep knowledge on the central topic** of the project as well as fully understand how Galp operates and positions itself in the market. On the side of the companies, working with Consulting Lab teams provides them access to a pool of young and bright students, with innovative and open minds, that challenge the *status quo* and support Galp in the quest of continuously keep up with new trends by finding innovative solutions and disrupt consumer's minds. Moreover, clients can leverage on students' analytical background and on their outside perspective on the business problems, with a less biased **problem-solving approach** and a **research-based approach** that does not exhaust company resources nor disturbs the ongoing management of the business.

The main goal of this project was to boost Galp's C-Stores, through the readaptation of the shopping mission and the in-store customer experience. The Galp team collaborated with Nova SBE's students' team for four months, co-creating to find the best solution to bring a spark to the convenience industry. During this time, both teams continuously exchanged and validated ideas that laid the foundation to develop the new strategy. The project success was built upon the support and collaboration provided by the Steering Committee, the Follow-Up Team, and the Project Manager. The Steering Committee was composed by Dr. João Pedro Machado, Dr. Nuno Vaz Neto, Dr. Luís Madeira Lopes and Professor Constança Casquinho. The Follow-Up team, with whom Nova SBE students co-created on a weekly basis, was composed by Dr. David Cervantes, Dr. Carlos Bonjour, Dra. Joana Dias and Dra. Inês Leite. Finally, smoothing the whole process was Dra. Isabel Pedrosa, as Project Manager, gathering all resources and experts available to add valuable information and insights on this challenge and ensuring the right pace and direction of the project.

2.2 Project Challenge

In this fast-paced world, time is a scarce good in consumer's lives and aligned with a demanding lifestyle, it's possible to observe a preference shift to effortless experience. The Covid-19 pandemics boosted the "Need It Now" revolution (Wave Marker Global 2022), by shifting consumers preferences for a more convenient and contactless shopping experience. Fast forward to 2022, it's possible to observe that the retail landscape has changed forever. The concept of "Experience Economy" defended by Pine and Gilmore (Gilmore e Pine II 1998) argues that goods and services are increasingly being sold by emphasizing the effect they have on people's lives, corroborating the thesis that today the primary source of customer loyalty lies in how easy companies make for their customers to do business with them (Gartner 2019). Change is the new constant (Maersk 2022), and while the energy sector suffers from all sorts of pressures, such as climate change, market volatility, price controls and thin resilience to supply shortages (Bocca e Ashraf 2022), an increasing demand for convenience, personalization, digitalization and diversification (Westbrook e Angus 2022) set the tone of new opportunities for Galp to establish its brand on the Convenience Retail market while shielding its business through diversification.

In order to pursue this opportunity, Galp has been innovating within its C-Store business. The brand has launched a new C-Store concept that aims to deliver the peak of convenience experience to the customer. The currently rebranded stores were remodeled to create a place where one can satisfy a need at a premium experience level, in an environment that he or she finds perfect to take a break or to serve as workspace, but above all that the client feels it is a place to be (Galp s.d.). At the same time, Galp is curious to develop and test disruptive options and features, such as Click & Collect and Grab & Go on top of its new C-Store concept, having already tested its first Smart Store concept (Expresso 2022), a totally automatized in-store experience, in 2022. To better grasp the Convenience Retail market opportunities, Galp must create or identify further options and features able to boost Galp's C-Stores, with focus on readapting consumers' shopping missions and experience in-store – in a **continuous improvement of Galp's new B2C Marketing Strategy for C-Stores**.

Therefore, the following questions frame the challenge for the Consulting Lab team:

- What drives consumer's to Galp's convenience stores and how can Galp leverage that experience?
- What defines the consumer shopping mission and how can Galp increase average ticket per customer?
- What can Galp do to be perceived as a "place to be" and how to differentiate itself from the competition?

2.3 Project Scope and Goals

The purpose of the Consulting Lab was to **recommend on the new B2C Marketing Strategy for Galp's C-Stores**, with focus on product, understanding would be the right assortment for Galp's C-Stores, place, recommending on the physical experience of the new concept, and promotion, setting a strategy to bring an appealing value proposition to the consumer. The project was conducted taking into consideration sector trends, consumer preferences and needs, as well as impact on the financial and operational sphere. In the long-term, Galp aims to reposition itself in the Convenience Retail market through the delivery of an innovative and disruptive customer experience, allied with high levels of convenience and comfort. For these reason, three milestones were defined to set the project in the right direction, the one of long-term aspirations:

- Understand the context where Galp C-Stores are operating and identify opportunities for Galp to explore untapped demand
- Define the best value proposition to boost Galp C-Stores efficiency and how, based on Galp's vision, C-Store revenues can be maximized
- Design successful implementation plan, including a pilot test of an MVP, by creating a detailed roadmap with tacking and measurement tools.

Galp's B2C Strategy for C-Store includes deciding upon a broad range of products, services and operational features, hence it was necessary to select key vectors, able to boost the convenience experience, and conduct the project through them. Alongside with the Galp team, it was decided that Brand, Assortment and Technology should be the three pillars of the whole analysis. These topics were identified as key touchpoints with the consumer and, for that reason, crucial aspects to define customer experience and consequently consumer behavior in terms of purchase, repurchase and recommendation, having thus the potential to increase C-Store revenues. Moreover, all three topics of Brand, Assortment and Technology, were aspects that

Galp was looking to further understand and define within its brand-new C-Store concept. The geographical scope of the project was set as Mainland Portugal and the customer target defined was the B2C segment. The time scope to readapt Galp's B2C C-Stores Marketing Strategy, discussed with the Steering Committee during the project, was set to two to three years as both parties agreed that would be the time to pilot test, evaluate and further develop new initiatives. All Business-to-Business (B2B) segment and the rest of the world analysis were left out of scope, as well as the development of a budget analysis, pricing strategies or technical aspects of the implementation process of these project recommendations.

3. Methodology

3.1 Project Calendar and General Methodology

The Consulting Lab project structure was conceived in a way to better answer to the challenge of recommending on the new B2C Marketing Strategy for Galp's C-Stores. It was composed by three main phases, defined alongside the evolution stages of the project:

- **Phase 1: Diagnosis** – 6 weeks | From the 15th of September to the 26th of October – A diagnosis exercise was conducted to understand the context where Galp is operating. Both industry and consumer trends were analyzed, as well as the current practices in the retail industry with focus on the convenience business. This phase's set of deliverables consisted in the handout of the Kick-Off Document, an Industry Analysis, Customer Trends Analysis and a Trends' Benchmark, both in and outside the industry of Gas Station Convenience Stores, with identification of best practices. Moreover, it was delivered a preliminary proposal for the research methodology for the following phase of the project – this generated further discussion and co-creation with Galp Research Department and motivated several interviews to specific subject's experts, namely Nova SBE Professors.

- **Phase 2 Analysis** – 6 weeks | From 26th of October to the 7th of December – A thorough analysis of convenience consumers' customer journeys, enabled the identification of key pain points and gain points that would shape this phase research. One more time, in a close and constant co-creation process with Galp, and including experts' opinions during the whole methodology development process, both a Survey and Questionnaire Script were delivered, as well as the respective results. The analysis was set upon the formulation of key questions and hypothesis, culminating in a segmentation through a set of identified Personas. Ultimately the group delivered a document with all market research results and developed a framework for conclusions' formulation.
- **Phase 3: Roadmap** – 1 week | From the 7th of December to the 14th of December – The strategic recommendations to complement Galp C-Stores' new B2C Marketing Strategy were polished in the last stage of the project. The Consulting Lab team delivered Marketing Strategy Proposal, alongside with a recommendations' set, an implementation roadmap which include a pilot test with an MVP and a monitoring strategy, through the analysis of identified Key Performance Indicator (KPIs) and, lastly, the final report with all the conducted project's key takeaways.

In the Appendix 1, is possible to find a complete Gantt Chart that illustrates the whole project schedule. It was served as a project management tool to schedule and monitor all project phases.

3.2 Phase 1: Diagnosis

The goal to be reached through the first phase of the project was to gain deep understanding of the context where Galp C-Stores are operating and identify opportunities for Galp to explore untapped demand. The first stage of the project was composed by a situation analysis, baseline research and a benchmark analysis as well as an identification of best practices, both within and outside the industry, and respective analysis. At the same time, while kicking-off this stage of the project, the team also took time to meet and engage with all project stakeholders, learning from their area of expertise within Galp's C-Store business and thus getting familiar with internal concepts, challenges, strategies, and objectives.

<u>Situation Analysis</u>

The situation analysis was divided in three parts. The first part comprised an External Analysis and was conducted to understand what factors shape the market environment in which Galp operates its C-Store business. For this purpose, a **PESTLE** framework was developed, and the latest **Industry Trends** were identified and analyzed. To further understand the factors that shape the market environment, the team performed a **Porter's Five Forces** analysis to comprehend the competitive landscape were Galp C-Store's business is inserted. Secondly, it was performed an Internal Analysis where the team carried four distinct full day **site visits** to Galp C-Stores and met with both Galp's Digital Office and Convenience Store Transformation teams to learn about ongoing efforts and strategies while getting familiar with internal concepts, challenges, and overarching objectives. The site visits were carried in two stores rebranded with the Galp's new C-Store concept, *Gare do Oriente* and *Telheiras* stores, and two stores from the old concept, these were the A5 *Oeiras* and *Alfragide* stores. Lastly, to better understand Galp's competitive positioning in the identified context, it was performed a Strengths, Weaknesses, Opportunities and Threats (**SWOT**) analysis as well as the resultant Threats, Opportunities, Weaknesses and Strengths (**TOWS**) matrix.

<u>Baseline Research</u>

A priority of the Diagnosis phase was also to dedicate time to further research and completely understand the evolution of the concept of Convenience as well as current Consumer Trends, particularly those that have been shaping what the world understands to be convenience today. This phase was informed by both **desktop research through the Internet** (news, articles, and websites) and **literature** (on both concepts and methodology frameworks).

Benchmark Analysis and Best Practices Identification

Convenience Stores, Destination Sites or the format of a Gas Station C-Store are all evolving concepts, open to innovation and constantly adapting to changing consumer needs and trends. For these reasons and because Galp's ultimate vision is to conceive a convenience store that can merge all these value propositions, it is challenging to limit each of these concepts to a single and static definition and even more challenging to draw the boundaries between them. Therefore, the Consulting Lab team, alongside Galp's Team, decided to dedicate a great share of the diagnosis phase's efforts to the benchmark analysis. The methodology used to approach this analysis evolved in four different stages, resulting from a dynamic co-creation between Galp and Nova SBE teams. The teams met on a weekly basis to build upon the ongoing approach, revising objectives, redefining the relevant scope, and discussing the depth which the used methodology should attain. The first stage consisted in a general overview of the **national players in the Gas Station industry**, comprising each brand's market share in terms of both Service Stations and C-Stores over the national territory, as well as identification of key touchpoints with the client, namely loyalty programs and each player's app. Also, all partnerships relevant for client benefits were identified. Secondly, all national players were analyzed and compared with more depth through three verticals which include product categories, services, and experience. Moreover, relevant **international players in the Gas Station industry** were identified and added in this analysis. In the third stage, the benchmark scope was enlarged to accommodate both **national and international players outside the industry**, these are destination sites brands that are not integrated in a gas station area. Lastly, the team developed a **Balanced Scorecard** to synthetize and evaluate all the information gathered. In order to evaluate and compare all players present in this benchmark, an internal framework was developed. This framework has three main pillars that were evaluated to better assess their attractiveness compared to Galp's C-Stores: Products, Customer Experience and

Services. Regarding the Products pillar, there are four sub-pillars which represent customers different shopping missions when consuming in Convenience Stores. These include Food and Immediate Consumption, Daily Essentials, Routine and Car Care. It was agreed with Galp's Steering Committee that regarding Food and Immediate Consumption a deeper granularity of categories was considered. The categories considered were derived by from a confidential document shared by Galp and include Beverages, Cafeteria & Bakery, Everyday Meal Solutions, Restaurants and Snacking. With respect to Customer Experience, some sub-pillars were also identified and described according to Galp's internal terminology. These were Physical, Digital and Phygital. Moreover, an internal brainstorm session was conducted to determine what categories would better describe each one of these sub-pillars. The team concluded that for Physical sub-pillar, Lounge, Plugs, Lockers, Time to Service, Cleanliness, Microwaves, Product Appeal, Customer Service and Menu Board would be evaluated. For Digital, Loyalty Program, App, Wi-Fi, Partnerships and Delivery Apps were considered. Lastly, for Phygital the team considered Click & Collect, Self-Checkout and Grab & Go as key features to characterize this experience. To evaluate the third and last pillar of the Balance Scorecard, Services, five different services were considered including EV Charging, Jet Wash, Car Wash, Pet Wash and Car Services – this pillar was only considered to evaluate national and international Gas Stations, disregarding destination site players (Appendix 2). The assessment criteria of this framework integrated the insights and suggestions of every stakeholder involved in this Work Project. The criteria for each score is described in Appendix 3.

On top of that, two more players in the destination site industry were added at this stage and the unique selling propositions of all brands, as well as their strengths and points of improvement were identified (Appendix 4). At the same time, **best practices** were identified in and outside the industry and at both national and international levels. In this part, **internet**

research served as the central data-gathering tool as well as **national and international site visits** and **visit reports** to several and relevant players.

3.3 Phase 2: Analysis

Through the second phase of the project a customer profile analysis was conducted with the aim of better understand the customer journeys towards Gas Stations convenience stores, particularly towards Galp's Hubs, identifying consumers gain points and pain points, formulating and testing hypothesis to then build, upon the analyzes' findings, the recommendations that would better shape Galp B2C C-Stores' Marketing Strategy. This phase was informed by a recent qualitative study shared by Galp, which included consumer habits towards Gas-Stations C-Stores as well as customers' perceptions of Galp's C-Stores and the respective impact from the rebranding in new concept Hubs. Furthermore, this phase was composed by quantitative research, carried both through a survey and presential questionnaires at Galp's selected Hubs and expert interviews, while maintaining the regular co-creation dynamic with Galp's team. After both the diagnosis phase and the qualitative study review, that revealed customers' remaining gain and pain points, the team generated initial hypothesis in line with the methodology proposed by Rasiel (1999) in his book *The Mckinsey Way* which states that "When generating an initial hypothesis, you don't need all the facts, just enough to have a good overview of the industry and the problem." (Rasiel 1999). Moreover, through the analysis phase of the project several brainstorm sessions were carried by the internal team where the Pareto Principle, also known as 80/20 rule, often played a key role in decision making.

<u>Qualitative Study Review</u>

The **qualitative study provided by Galp** was carried as an effort to understand what areas remain left to improve after the change of concept and consequential rebranding of certain stores. Both this study and now the Consulting Lab project, happen in a moment where Galp have initiated a process of store remodeling, readapting, and repositioning its store concept with the aim to simultaneously capture more clients while also increasing the average ticket per client. The qualitative study's methodology consisted of **one hundred individual interviews** to both Galp and non-Galp clients, occasional or regular visitors, and covered all Millennials, Generation X and Professionals segments. These interviews were carried at **three distinct Galp stores**, *Telheiras, Gare do Oriente* and *Matosinhos* store, all rebranded with the new concept. The study is split into three parts, the first comprises consumers' **purchasing habits**, the second part evaluates **consumers involvement** with Gas Station C-Stores and finally, the third part, explores the **consumers perceptions** towards Galp's new C-Store concept, and how that perception has changed from the old one. In the first chapter of the study one can find a deeper dive into topics such as consumers' needs, customer's shopping missions and how do consumers understand the concept of convenience. Moreover, the second chapter, assessed not only consumer's understanding of the Gas Station C-Store concept but also the different layers of intensity with which they are available to get involved, as well as how pertinent do consumers find this concept. Lastly, the document culminates in an analysis of consumers perceptions of the new concept, by evaluated vertical. Learnings are synthetized and each stage of the **customer journey** is finally characterized by respective pain and gain points. This study laid the foundation to set the strategy for the second part of the project and design further research.

Expert Interviews

On the 20th of October, the Consulting Lab team consulted, in a private session, Professor Nadim Habib, a strategy expert from Nova SBE, to discuss the right approach to address this challenge on how to boost Galp's C-Stores. Professor Nadim was presented with the project context, overarching goals and respective framing questions. The team also underlined the scope of the project and presented the steps taken so far, while Professor Nadim presented his thoughts on the challenges that Galp may face in this C-Store concept transition and advised to take a step back and adopt a customer-centric approach, building the approach to this challenge around what the customer really needs. The outcome of the session was a **framework to hypothesize personas** based on location and shopping mission, co-created between the team and the Professor. This interview was key to shift the perspective on which direction the new concept stores should evolve and thus how the team should shape the analysis and recommendations from that point onwards – with the customer at the center of the strategy. Further discussion with Galp's team, suggested the need to develop Professor Nadim's framework, to match personas with different store formats, and the team agreed to contact one more strategy expert. On the 4th of November the team met with Afonso Ribeiro, a Nova SBE alumni and teaching assistant of Strategy Consulting course, while being an MBA candidate at INSEAD during his contract with McKinsey & Company. By co-creating with Afonso and integrating Galp's suggestions, the team reached a solution which consists in a **three-step approach methodology**. The first step was to cluster different C-Store formats through a matrix that intercepts groups of stores per location, with group of stores per format, based on store area in terms of square feet. The second step was to create personas for each cluster to then, in the third step, shape recommendations to each store format. The analysis phase progressed into the quantitative research stage through a **dynamic co-creation experience** with the Galp team, particularly with Dra. Susana Quitério, Galp's Market Research expert, who played a key role in developing both tools of quantitative analysis, the survey and the presential questionnaires. On the 22nd of November, the team had a session with Professor Ana Amaro, who lectures statistics at Nova SBE in the master's program, to discuss the results obtained through the quantitative research and the best way to treat the data. The outcome of this meeting was the **formulation of key questions** to unlock the project's challenges, through the obtained data. Finally on the 30th of November, the team met with two more statistics experts from Nova SBE faculty, Professor Maria João Braga and Professor Patricia Ramos, with whom the team revised the analysis performed so far and validated the steps ahead, which included the integration of qualitative insights gathered through the presential questionnaires and the clustering of personas through the SPSS system.

<u>Hypothesis Formulation</u>

After identifying customer pain points along the customer journey and understanding customers' needs, while integrating Galp's vision for its future C-Store concept, the team identified a set of best practices with the potential to integrate a new marketing strategy and formulated a set of **hypotheses** to evaluate their relevance within Galp's C-Store business context. Fifteen hypotheses were formulated upon all the team's conclusions from the previous stages of the project and shaped by what was possible to assess through the quantitative experiments.

<u>Quantitative Experiments</u>

To validate or discard the hypotheses formulated, the team developed in co-creation with Galp's **team two distinct quantitative research approaches**. Along with Galp's team and its market research expert, the team identified the need to conduct two different market research, approaches tailored to two distinct targets, consumers that have already experience Galp's new C-Store concept and the Portuguese population in general. For the first one, the team decided for a **presential questionnaires** approach to effectively segment the consumer's that have had an experience at Galp's new concept C-Stores. The team went to four different Galp Hubs rebranded with the new C-Store concept, namely *Telheiras* and *Gare do Oriente* stores (Lisbon), and *Modivas* and *Senhora da Hora* stores (Oporto) and collected a total of **sixty presential questionnaires** from Galp hub's consumers, represented by an equal share of presential questionnaires between Lisbon and Oporto. The presential questionnaire was designed as a quantitative research tool, and rational behind the questions asked departed from the qualitative study "*Descodificação do Conceito de Loja*". The questionnaires explored further the challenges identified by the qualitative study in each one of the following categories:

shopping mission, assortment, service, concept function and shopping situation. This challenges as well as the tested solutions can be consulted in Appendix 5. For the second target, the Portuguese population in general, an **online survey** was developed in **Qualtrics**, a survey maker tool, and activated in several moments in distinct time frames through both email, and social media platforms, which included all WhatsApp, LinkedIn, Instagram, and Facebook. The survey reached 785 Portuguese consumers, collecting 712 valid answers with a gender distribution of 62% female and 38% male respondents. Aligned with Galp and integrating the learnings from the statistics' experts' interviews, the team decided to weigh the sample's answers according to the Portuguese population gender and age distributions. The online survey structure was built upon three verticals, Brand, Assortment and Technology, identified through the previous stages of the project and aligned with Galp's steering committee as key areas with potential for Galp to boost its C-Store business. Within these three main verticals, the survey structure was tailored to test the previously formulated hypotheses Appendix 6.

Personas

In order to better understand consumers and their needs the team determined **six Personas** based on the data collected, the software IBM SPSS Statistics was used. Taking into consideration all the data and the criteria that were defined as crucial to create hierarchical clusters that, ultimately, resulted in Personas for the team's analysis and interpretation of C-Stores customers. The cluster model used to group data was **Ward's Method**. Ward's method is a hierarchical clustering technique used to categorize objects according to how similar they are. In this style of bottom-up clustering, smaller clusters are gradually merged to generate larger clusters. Ward's technique is based on the idea of reducing the sum of the squared distances between each point in a cluster and the cluster's centroid, or the total within-cluster variance (i.e., the mean of all points in the cluster). In other words, the clusters created by Ward's approach are often compact and spherical. Since bigger datasets may need more work, Ward's approach is often utilized for small to medium-sized datasets (Ferreira e Hitchcock 2009). Furthermore, as it is described in Ward's Method, interval measure used was the Squared Euclidean distance with a standardization (Z-scores). On top of IBM SPSS method, the resulting personas were further developed through the **Customer Empathy Map**. This framework (Appendix 7) is an effective technique that consists in understanding customer's preferences and behavior by reflecting on each persona external environment namely, what do they hear, what do they see, what do they say and what do they do or need to do, as well as their own pains and gains, what fears or what wishes they have for themselves. Developing such personas, enables a better targeting to each consumer segment by conveying the message tailored to a specific segment, to decide on what formats the message should be distributed to attain the maximum reach over the targeted consumers and also it is key to empathize with target's topics of interest which can be used to leverage engagement on every touchpoint (Digital Marketing Institute s.d.).

3.4 Phase 3: Roadmap

The third and last phase of the project goal consisted in the successful delivery of recommendations to readapt Galp's C-Store B2C Marketing Strategy, providing solutions to the pain points of each ideal customer journey, and presenting a detailed implementation road map associated alongside with a performance dashboard with key performance indicators (KPIs) to monitor progress. This phase also included the design of two pilot tests with associated minimum viable products (MVP) to collect consumer feedback on the initiatives.

Intra-Team Brainstorming

With all information and data collected and analyzed, the team was in place to trace final deliverables of the project. The step forward was to visualize all information inputs blended together and for that the team designed each persona's **ideal customer journey** using Lucidchart, a database design tool consisting of an intelligent diagramming application which combines, in a visual workspace, diagramming, data visualization, and collaboration to accelerate understanding and drive innovation. Once this step was completed, the team carried a thoughtful **brainstorming** session, using the Metaplan technique which functions as an effective method (Metaplan s.d.) to reach shared understanding in group discussions, in this case in a brainstorm session. Through the session, the recommendations defined ended up fitting, each one of them, in each one of the three verticals analyzed – Brand, Assortment or Technology. Each of these recommendation categories were informed by all the best practice analysis, consumer trends and hypothesis tested.

Recommendations and Implementation Roadmap

Recommendations were developed by intercepting each persona pain points with the brainstormed solutions. Besides that, the set of recommendations was fit into the clustered store formats through the **three-step approach framework**, developed in co-creation with the interviewed strategy experts, to trace the **implementation roadmap**. The cornerstone of the developed roadmap was the Action Priority Matrix, which sustained the decision on what would be the first steps to take, namely the launch of **pilot test** which was find crucial to ensure the development of a customer-centric solution, thus increasing the efficiency and effectiveness of the efforts allocated to the initiative. Additionally, a monitoring mechanism was designed and sustained by key performance indicator (KPIs), while the expected impact of the recommended strategy is illustrated on the Estimated Impact chapter. To conclude, the limitations of both the project and the strategy proposed are presented, as well as risks and further research.

3.5 Literature Review

For this project research was conducted both towards the concept of Convenience and all underlying concepts that shape Convenience today, as well as research about methodology frameworks and concepts. For this reason, the literature review is split in two parts: the Convenience research part, and the Framework and Methodology Concepts part.

3.5.1 Convenience Research

Over time, Convenience has showed to have an evolving, changing, nature. Initially, the use of the word "convenience" in marketing literature referred to a class of consumer goods. The first allusion towards the concept of Convenience, in marketing literature, is attributed to Copeland's classification of goods in 1923 (Copeland 1923). Copeland argues that by classifying goods into convenience, shopping or specialty goods, marketers would be able to better determine the type of store in which the product should be sold and what would be the right distribution concentration for it. The author describes convenience goods as lower-priced, familiar goods, that the consumer can purchase in **easily accessible** outlets (Copeland 1923). In 1945, Gardner ties its description of convenient good mainly to the way through how consumer shops it, stating that these articles belong to daily purchase, that they are of insignificant value or represent immediate needs, and adds that these goods are bought at the most convenient place while the consumer disregards comparison of values (Gardner 1945). Soon after, Holton (1958) adds the requirement of **"minimum effort"** to the definition of convenience good, while bringing some flexibility to the concept by stating the classification of a good as convenient will vary across customers, depending on each individual's perceptions and shopping propension concerning probable gain (Holton 1958). An interesting and later update was that convenient goods are "those for which the consumer, before the need arises, possesses a preference map." (Bucklin 1963). Although Copelands's taxonomy has been criticized and changed over time, the idea of a convenience good as one which requires little, if any, cognitive decision making has survived (Yale e Venkatesh 1986). The word "Convenient" as a product's descriptor was gradually transformed into its own unique concept. The concept itself gained strong emphasis in **time buying** or **time savings** idea, supported by the hypothesis that consumers with less time would be more likely to use convenience products or services (Yale e Venkatesh 1986). More recent research described the concept of

Convenience as a multidimensional construct, shaped by different types of time and effort costs. To better understand this concept, researchers distinguished different convenience types, namely service convenience and retail convenience. The first relates to the consumer's perceptions of time and effort towards the purchase or utilization of a service (Berry, Seiders e Grewal 2002), and the second refers to a consumer's time and effort costs when shopping in a retail environment (Berry, Seiders e Grewal 2002). Service convenience includes five dimensions, namely access, transaction, benefit and post-benefit (Berry, Seiders and Grewal 2002), while **retail convenience** can be analyzed through **access, search, possession and transaction** (Berry, Seiders e Grewal 2002). Further research provides evidence that for both in-store or online shopping, retail convenience "is a higher order construct consisting of access, search, transaction and possession convenience.", while it illustrates that both different types and formats of convenience, either in-store or online, contribute to the concept's overall idea of what is convenient or not in a retail environment (Beauchamp e Ponder 2010).

[Convenience] Benjamin Franklin famously said, "Lost time is never found again", back in 1743. It is the most important to reflect on this statement because "today's consumer is more time starved than ever; it is appropriate to carefully consider the benefit of **convenience** to consumers as a concept of utmost importance" (Beauchamp e Ponder 2010). Research suggests that consumers are feeling anxious and stressed, often related with lack of time. To answer such pain, the market has been developing time-saving goods and services, often referred to as convenience goods (e.g., takeaway meals) or convenience services (e.g., Self-checkout technology). On top of the lack of time, timing *per se* is pointed out as another important aspect to define time-convenience. In 1989, Brown states that, for the consumer, having the flexibility to decide exact moment when he wants to purchase something can also be perceived by him as a matter of convenience (Brown 1989). Research recognizes that is "absolutely necessary" for an organization to know their target audience, to then accurately design shopping contexts that are attractive for its segments. Overall, academic literature review from industrialized markets has discussed retail convenience in the basis of time and searching or effort, nevertheless, convenience definition will vary depending on the consumer, the shopping situation, and the market characteristics (Sundström e Radon 2016).

[Customer Experience] Customer Experience includes every dimension of a company's offering, from advertising to the quality of customer care, product and service features, reliability, packaging, and ease of use. It is "the internal and subjective response customers have to any direct or indirect contact with a company. Direct contact generally occurs in the course of purchase, use, and service and is usually initiated by the customer. Indirect contact most often involves unplanned encounters with representatives of a company's products, service or brands and takes the form of word-of-mouth recommendations or criticisms, advertising, news reports, reviews and so forth." (Meyer e Schwager 2007). Meyer and Schwager defend that simple and integrated solutions will win the (time-pressed) consumers of today, arguing that their satisfaction will derive from the sum of customer experiences in each touch point. To boost customer satisfaction in Galp C-Stores, the team analyzed the different components of the respective customer experience.

[Customer Centricity] A key exercise for the team to conduct this project with the right focus was to understand the concept of **Customer Centricity**, which proposes that firms shift their focus from selling their products towards satisfying their customers real needs (Levitt 1960). Back in 1954, Drucker stated on his book *"The Practice of Management"* that "it is the customer who determines what a business is, what it produces, and whether it will prosper." (Drucker 2010). Customer centricity has enabled firms to achieve a sustainable competitive advantage, and consequently collected valuable rewards both in financial and loyalty terms (Shah, et al. 2006).

[Phygital] In the marketing context, **Phygital** involves crafting a customer journey including both physical and digital experiences in a seamless way (Johnson e Barlow 2021). There is a significant excitement towards the role of Phygital in the future of retail, "Phygital experiences can be designed to provide a novel and seamless experience that users enjoy, influencing customer perceptions of product value while generating trust and minimizing confusion." (Purcarea 2019). Galp has already tested some initiatives on the market, in order to embrace the so called "Phygital Revolution", which leverage the benefits of the "in person" experience with the ease of digital search and payment (Belghiti, et al. 2017).

[Digitalization] Research recognizes **Digitalization** as one of the main trends shaping the business and social environment (Parviainen, et al. 2017). As retail moved online, incumbent business models faced new competition and changing consumer expectations, while new business models take advantage of the evolving landscape (Hänninen, Smedlund e Mitronen 2018). Through digital transformation, firms can increase internal efficiency, grasp external opportunities, and embrace disruptive change (Parviainen, et al. 2017). Therefore, digitalization was always a concept present in the brainstorm sessions throughout the project.

[Personalization] Through personalization businesses can design products or services in ways that resonate with consumer preferences. Research defends that the personalization of content and products can reduce customer time in making choices as well as fatigue, thereby decreasing cognitive effort in decision making (Chandra, et al. 2022). In the era of artificial intelligence and integration of technology in the retail business, personalization is explored as an opportunity for Galp to grasp within its C-Store new concept.

[Diversification] In his publication "*Strategies for Diversification"* on Harvard Business Review, H. Igor Ansoff starts with a quote from the Red Queen, a fictional character from a Lewis Carroll novel, *"*Now, here, it takes all the running you can do to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that!" (Ansoff

1957). Ansoff's point was to illustrate that just to maintain its relative position a business must keep on growing and changing, and to improve that position it must overcome itself. Ansoff, identifies four alternatives to drive growth for a business – one of them is **diversification** (Ansoff 1957). Always with consumer preferences in mind, the team reflected throughout the whole project on innovative directions through which Galp could diversify its C-Store offering.

[Blue Ocean Strategy] Moreover, Kim and Mauborgne, authors of the book *"Blue Ocean Strategy"* argue that competitive-based strategies or as they call it, red ocean strategies, are necessary although not sufficient to sustain high performance (Chan e Mauborgne 2005). The authors defend that companies need to explore business beyond competing and for that purpose they propose the Blue Ocean Strategy as the way to do it. Blue Ocean Strategy, contrarily to red ocean strategy, rests upon the idea that market boundaries and industry structure are not given and that the players in the industry have the power to redefine it, finding new markets and exploring untapped demand (Chan e Mauborgne 2005). In Galp's process of rethinking its C-Store concept, the team adopted the Blue Ocean Strategy rational as the lenses with which new solutions were searched trough.

3.5.2 Framework and Methodology Concepts

Throughout the project several frameworks were used to assess the C-Store Industry and its competitive landscape, conduct analysis and finally structure recommendations. Moreover, key concepts relevant to unlock the project's progress where further studied and reflected upon. The concepts researched are presented under each one of the project stages they belong to, across the already presented phases: Diagnosis, Analysis and Recommendations.

<u>Diagnosis</u>

[Rule of Elasticities] Professor Luís Cabral, a Ph.D. from Stanford University and faculty member from Nova School of Business and Economics, states in his book *"Economia Industrial"* that "the ideal situation to define a market it's a set of products with very high cross price elasticities between themselves and very low in relation to other products" (Cabral 2000), which he names **Rule of Elasticities**. It often happens that is not easy to apply the rule of elasticities, mainly due to the difficulty in defining what is the relevant critical value and to define until what point the products or services should be considered substitutes. In this project the team was faced with both challenges, namely when deciding what industry to consider through the diagnosis phase. These challenges emerged particularly due to the changing nature of Galp's C-Store business, as well as the company's ongoing initiative to redefine its C-Store concept. Throughout the diagnosis phase all Retail, C-Store, Gas Station C-Store, and Destination Site markets were considered.

[PESTLE] The **PESTEL Framework** is a strategic planning tool that was used to understand the external macro environment effects over the Portuguese B2C gas station and retail markets and to identify the underlying strategic risk. It is believed that Harvard professor Francis J. Aguilar was the first person to introduce the concept of PEST Analysis, under the name of ETPS. In 1967, Aguilar argued that economical, technical, political, and social factors were the main macro influences over the business environment, in his publication *"Scanning the business environment"* (Aguilar 1967). PESTEL is a popular variation of the PEST Analysis framework, in which environmental and legal factors are also considered (Rastogi e Trivedi 2016).

[Porter's Five Forces] In 1979**,** Michael E. Porter published in his book *"Competitive Strategy: Techniques for analyzing Industries and Competitors"* the **Five Force's Model** which is a widely used framework to analyze a company's structure and corporate strategy, as well as measure its industry's competition intensity, attractiveness, and profitability. The forces under analysis are competition, power of new entrants, power of suppliers, power of customers and threat of new entrants within an industry (Porter 1979). This tool was used to deeply understand the complex competitive landscape of the Portuguese C-Store market, while mapping which factors are shaping each force.

[SWOT] To determine a company's competitive position, both the company's internal and external factors must be analyzed. In the 1960s, Albert Humphrey developed the **SWOT** analysis approach, at the Stanford Research Institute (SRI), a tool that would become widely adopted to inform organization's decision making. SWOT is an effective strategic planning tool that focuses on the analysis of an organization's Strengths and Weaknesses (internal factors), as well as the surrounding Opportunities and Threats (external factors), and it can be effectively integrated with other methods such as the Porter's Five Forces analysis or the PESTEL analysis (Ali Benzaghta, Elwalda e Mousa 2021). In the context of this project, this tool was used to evaluate Galp's competitive position in the Portuguese C-Store market.

[TOWS] In 1982, Heinz Weihrich took the SWOT analysis to next level by presenting a new framework tool for strategic planning, the **TOWS Matrix**, in the paper *"The TOWS Matrix – A Tool for Situational Analysis"*. The TOWS Matrix was conceived to match external opportunities and threats with the company's own strengths and weaknesses (internal) and most importantly, as Weihrich states, "systematically identifying relationships between these factors and basing strategies on them" (Weihrich 1982). Several strategies emerged through the TOWS Matrix exercise, for Galp to anticipate, create a response or even shape the future environment and thus conserve its effectiveness.

<u>Analysis</u>

[Deductive and Inductive Reasoning] Barbara Minto, the first female MBA professional hire at McKinsey & Company, differentiates the two types of reasoning in her famous book *"The Minto Pyramid Principle"* – **deductive reasoning and inductive reasoning**. Both were used throughout this project. The first one, deductive reasoning, consists in a line of reasoning that interpreted together reaches a conclusion. On the other hand, inductive reasoning consists in grouping insights as belonging to the same topic, and then infer about that sameness. “The deductive points derive from each other; the inductive points do not” (Minto 1987).

[Marketing Mix] Furthermore, **Marketing Mix** is a framework that comprehends the diverse areas of focus of a complete marketing plan. It often refers to E. Jerome McCarthy 4P’s framework, introduced in 1960 (McCarthy 1960). These framework entails all product, price, place, and promotion components which although they can be examined separately, in practice, they usually depend on each other. From this model different variations have emerged, namely the 7Ps model proposed by Booms and Bitner in 1981. The latter adds people, process, and physical evidence to the original framework, and thus includes other dimensions that also shape a service-focused business on top of a product-focused one (Donnelly e George 1981). Bearing these concepts in mind, it was agreed with Galp that the scope of this project would be focused on the product, place, and promotion components.

[Brainstorm] Throughout the project, the team conducted several brainstorming sessions both internally and with Galp’s Team, ensuring interdisciplinary idea conception and alignment with clients’ needs and expectations. The **Brainstorm** concept was popularized in 1953, by the advertising executive Alex Faickney Osborn, in the influential book “*Applied Imagination”* (Osborn 1953). In the urge to boost creative problem-solving in his organization, Osborn found that group thinking sessions would improve both quality and quantity of ideas produced. According to Rasiel, brainstorm is “what the clients really buy”, the outsider taking on the problem is the real added value of external consultants, so he adds “When you get your team into a room, leave your perceptions at the door. Bring the facts you know but find new ways of looking at them” (Rasiel 1999). Brainstorming takes time and requires the team to work hard in advance so every member is prepared with the hard facts, to then start from a clean slate, shuffling the facts and be able to find interesting new patterns which can lead to disruptive ideas.

[Co-Creation] Throughout the development of quantitative research, the team followed a **Co-Creation** approach. Academic work on co-creation dates to 1979, in the context of customer role in production, research efforts and evidence of correlation between customer satisfaction and customer participation in the production stage was found (Bendapudi e Leone 2003). Later in 2000, Prahalad and Ramaswamy popularized this concept through the article *"Co-Opting Customer Competence"*, and further in their book *"The future of competition"* where the authors concluded that innovation focus will broaden, from products and services, to experience environments where customer have a role in co-constructing their own experiences – creating a unique value proposition (Prahalad e Ramaswamy 2004). The co-creation framework is not always easy to embrace, "Points of interaction provide opportunities for collaboration or negotiation, implicit or explicit, between the consumer and the company – as well as opportunities for those processes to break down" (Prahalad e Ramaswamy 2004).

[Sample] In order to test the statistical significance of the quantitative experiment the team had to conduct research based on **samples**. While the larger is the sample size, the less likely is to record results affected by randomness, the larger the variance the larger the sampling error. Therefore, "there are two main contributors to sampling error: the size of the sample and the variation in the underlying population" (Gallo 2016). All in all, Gallo argues that in a sample with less variation "you can be relatively confident in your results" (Gallo 2016).

[Pareto Principle] The **Pareto Principle**, named after Vilfredo Pareto, an economist, argues that 80% of the consequences derive from 20% of the causes (Dunford, Su e Tamang 2014). This principle is a reminder of the unbalanced relationship between inputs and outputs. This concept is also known as Pareto Rule or 80/20 Rule, which became widely adopted in managerial decision making. In his book *"The McKinsey Way"*, Rasiel testifies " I saw the

80/20 rule at work all the time at McKinsey, and I've always been impressed by its power as problem-solving rule of thumb", adding the advice for managers to not boil the ocean "Work smarter, not harder", arguing that despite existing loads of data relating to a problem and lots of possible analysis to conduct, the most of it should be ignored (Rasiel 1999).

[Customer Empathy Map] For the last steps of the analysis stage of the project, the team created personas upon the collected data and further developed them through the **Customer Empathy Map**. The purpose of using an Empathy Map is to describe personas with some level of empathy so that the team would understand more deeply the customers and be more aware of their real needs, when developing recommendations. Research proves the usefulness and increasing willingness to adopt this method – "majority of the subjects considered EM's useful and easy to create personas. Furthermore, this majority also said that they would use the EM for the creation of personas again." (Ferreira, et al. 2015).

[Customer Journey Map] After developing the different personas, each persona **Customer Journey Map** was designed. Customer journey mapping is a technique conducted to better understand customer experiences when they interact with each step involved in a service, including touchpoints, stages, and emotions (Bernarnd e Andritsos 2017). In the exercise the team identified touchpoints through every stage of the customer journey (awareness, consideration, purchase, onboarding, and advocacy), while considering the persona's emotions through the journey, namely the pain points that are key for Galp to solve while providing the service.

<u>Recommendations</u>

[Action Priority Matrix] Once the team had created a poll of solutions to recommend, as an answer to the different persona's pain points, it was time to define what recommendations were a priority in Galp's C-Store business context. For that purpose, the team used the **Action Priority Matrix**, which is a simple tool, consisting of a four-quadrant matrix that groups ideas, actions or, in this case, solutions across both effort and impact dimensions. Concerning these two dimensions, according to Jason Morin (2017), effort may derive from different factors such as time or financial investment as well as the company's resources, while impact can be analyzed through both a quantitative and a qualitative dimension. This technique helps teams move forward in the decision-making process "by segregating and prioritizing a large set of heterogenous ideas or solutions into a visual matrix that is based on the team's expertise and experience" and should be used to "strain the ideas and solutions with highest ratio of impact to effort" (Morin 2017).

[Pilot Test] Furthermore, the team recommends that Galp should conduct a **pilot test** before investing in any of the selected project recommendations. A pilot project or study is "an experimental, exploratory, test, preliminary, trial or try out investigation" (Oxford University 2007). It consists of a small-scale study designed to test the feasibility of procedures and to identify possible effects or associations that may support or not the decision to replicate it in a larger scale (Thabane, et al. 2010). Conducting a pilot test increase the probability of success of the main test (Van Teijlingen e Hundley 2002), thus increasing efficiency of the later allocated financial or time investment.

[Minimum Viable Product] Moreover, the team also recommends the release of a **Minimum Viable Product** before launching the final version of an initiative. For Eric Ries, the author of the book *"The Lean Startup"*, one of the most important lean startup techniques is the Minimum Viable Product. According to Ries, it is "that version of a new project which allows the team to collect the maximum amount of validated learning about customers with the least effort." (Ries 2009).

4. Situation Analysis

4.1. External Analysis

4.1.1. PESTLE Analysis

The PESTLE analysis gives an overview of the political, economic, social, technological, legal and environmental factors that shape the convenience stores sector in Portugal. This analysis provides a deeper understanding of the business, alerts to possible threats and layout a method to exploit opportunities.

[Political (P)] Portugal is a parliamentary democracy with a semi-presidential structure in which the government serves as the primary executive body and the President, who has limited power, serves as Head of State. The Presidents appoints the Prime Minister, and both the President and Parliament have authority over the administration. Portugal has been governed by the socialist party (PS) since 2015, led by Prime Minister António Costa. When the minority Socialist administration was unable to get legislative agreement for the state budget in October 2021, the President dissolved parliament and called for new elections. The current Prime Minister António Costa, leader of the Socialist Party, defied the polls in January 2022 to defeat its previous allies and secured a legislative majority. To sum up, the Portuguese political situation has been stable through the last years, but recently the left-wing parties have been diverging within their opinions, causing uncertainty in the established democracy (GOV.UK 2022) (El País 2021).

The Convenience Stores industry is highly influenced by the Portuguese Government, with the regulation of opening and closing hours, and type of products that can be sold at each time (e.g., Convenience Stores are forbidden to sell alcoholic beverages between 00h and 8h) (ePortugal s.d.) (Diário da República Eletrónico 2013) (Diário da República Eletrónico 2013). Moreover, since 2015, the corporate tax rate in Portugal has been at 31%. This tax concerns to tax collected from businesses to the Portuguese Government, being one of its major sources of recipes (World Population Review 2022) (PwC 2022).

[Economic (E)] Portugal, with a population of 10.3 million people and a GDP of over €212.3 billion (as of 2012), had a strong economic growth, since joining the EU in 1987 up until late 1990s. The next two decades saw an almost stagnant economy. The Portuguese economy was recovering steadily prior to Covid-19, with GDP growing for 22 consecutive quarters and reaching €212 billion in 2019; GDP per capita however, remains at just 79,2% of the EU average. This recovery followed the successful completion of the bailout program due to the 2008 recession. Due to the pandemic, which reduced domestic demand and tourism (which accounts for around 14% of the economy), GDP shrank by an astounding 8.4% in 2020. Following a significant rebound, Portugal's economy is anticipated to significantly slowdown in the near future due to weak external demand and high energy prices. As of next summer, in 2023, growth is anticipated to pick up once more, although there are still downside risks. To sum up, Portugal's economy has been trying to recover since 2008 recession, but due to Covid-19 that drove inflation to astonishing levels and war between Russia and Ukraine, that has jacked energy prices, the Portuguese economy has had a difficult time to grow (GOV.UK 2022) (European Commission s.d.).

Convenience stores can be highly affected through economic issues, such as high inflation rates not only due to the increase in costs, but also due to a possible decrease in demand, consequence of inflation and less power of purchase from consumers.

[Social (S)] According to World Economics social impact index, which covers three distinct factors: life expectancy, average number of years in school and percentage of population living in poverty, Portugal ranks 87.4, in a scale from 0 to 100. The average population age is 43 years old**,** 61% of the population uses internet at least once a week, and due to excellence and advanced ATM networks Portuguese people carry less cash than all other

European citizens (TAGS - Languages Solutions 2022). Also, there is a trend for Omni-channel retailing, leveraging the internet to look for a product and later buying the product in-store. Galp can take advantage of this trends and implement in their convenience stores in order to increase demand.

[Technological (T)] The Portuguese National ICT Sector is a highly innovative and dynamic industry with a total turnover of about 20 billion US dollars, accounting for almost 10% of the Portuguese GDP (International Trade Administration 2021). According to the EU Digital Economy and Society Index 2020, although it still lags behind other EU nations in terms of digital literacy and internet service use. For a seamless customer experience, additional elements are required, such as the acceptance of mobile payments through different portals. Better mobile applications and user-friendly systems are at the core of any successful business. Galp must take in consideration the technological trends in order to deliver convenience and a seamless experience to customers, such as contactless payments and self-checkouts (International Trade Administration 2021).

[Legal (L)] Portugal is a country where there is international organized crime. Drug and human trafficking, money-laundering, identity theft, and the use of counterfeit money are among the illegal operations that the authorities have detected. Together with international organizations, the government has vowed to take steps to address these concerns. In 2020, there was a 79% increase in reported cybercrime occurrences, which represents a considerable acceleration of the overall trend from the preceding years. Both public and commercial organizations in the field of science and technology, education, healthcare, and public administration have been the subject of cyberattacks. Convenience stores may face, more specifically, armed robbery, therefore, security solutions should be implemented in order to fight crime (GOV.UK 2022) (República Portuguesa s.d.).

[Environmental (E)] There is no doubt that Portugal's population has a significant concern about the climate agenda. In fact, 83% of the Portuguese population is in favor of greater renewable energy utilization. Air and water pollution are significant environmental problems especially in urban centers. Portugal has been committed to focus on sustainable mobility and to promote the use of energy from renewable resources, to prioritize social and environmental sustainability when purchasing goods and services, especially when buying local catering, freebies and products. Convenience stores are mainly located in gas stations, which are linked to pollution, therefore, ecological footprint should be taken as a primary concern (VdA 2022) (Blue&Green tomorrow 2022, BP 2021) (2021PORTUGAL.EU s.d.).

4.1.2. Porter 5 Forces

An assessment of the competitive environment and potential forces in the market is achievable thanks to the analysis of Porter's Five Forces framework.

[Threat of New entrants] As per Porter (1979), the threat of new entrants in an industry depends on the level of entry barriers. If these barriers are low, new entrants can expect low retaliation from competitors, and the threat of entry is high. Concerning the Convenience Stores (C-Stores) industry, the market is overpopulated, with well-established competitors. Therefore, newcomers can expect players with major influence and with substantial resources to fight back (Porter 1979). Regarding locations, C-stores are located in strategic sites which can be traduced at high rents. Moreover, product differentiation in this industry can be achieved through quality of service and by actual convenience, including, having a wide product offering which can serve the most needs possible that each customer might have. This industry requires a high initial investment to cover the costs of location, facilities, and wide product offering. Also, brand is something that is highly valued in this industry, due to loyalty programs: Customers are loyal to their own stores and will not change unless they find a better deal somewhere else. Furthermore, C-Stores in Portugal are strongly present in Gas Stations. According to report from McKinsey, Portugal expects to decarbonize 50% until 2030 and reach *net zero* by 2050, therefore, the government has mitigated the attribution of Fuel Stations licenses. That being the case, it has become more difficult to get a new license for a Fuel Station, the easier way would be to buy a license from an existing competitor which comes with great costs of entry. However, purely C-Stores players could enter the market and would not need the Fuel Station License, and therefore would be cheaper, but would find more difficult to get a customer portfolio. Overall, in this sector, the **threat of new entrants is moderate to low**.

[Threat of Substitutes] Threat of Substitutes is the threat of a product or service that performs the same or similar function as an industry's product by a different means (Porter 1979). The Food Retail Industry is divided into Modern Retail and Traditional Retail, Modern Retail is subdivided into five categories: Hypermarkets, Supermarkets, Convenience Stores, Food Courts and Discounters (Euromonitor International 2022). If a customer finds the price of a product in a C-Store high or does not like the service, there are a lot of substitutes where the customers can buy the same or similar products. In a Hypermarket or Supermarket, not only the price will be lower than in a C-Store as there will be wider product offerings. With a great variety of substitute products, Convenience Stores face constant pressure to improve their price-performance trade-off. Therefore, the **threat of substitutes is high**.

[Bargaining Power of Buyers] Bargaining power of buyers refers to the pressure that customers can put in order to capture more value by forcing down prices and, demanding a better quality of products/services, consequently increasing the costs and, driving down the profitability of the market (Porter 1979). In the C-Stores industry, customers face very few switching costs, therefore, if a customer finds an equivalent product cheaper elsewhere there will be few to no costs in switching brands. Despite the few switching costs, the high volume of buyers increases the struggle in the negotiations. Therefore, overall one can describe this industry as one with **medium bargaining power of buyers**.

[Bargaining Power of Suppliers] The bargaining power of suppliers regards the supplier's influence to increase prices or limit quality or services or shift costs to industry participants (Porter 1979). A low number of major food-retail suppliers hurt price negotiations. Those companies are Nestlé, Mondelez, Unilever and others (Observador 2015). Without differentiated products, forcing decision-making based on price and quality. Also, stores may face switching costs. Therefore, the overall **bargaining power of suppliers is medium to high**.

[Industry Rivalry] Price reductions, the launch of new products, marketing campaigns, and service upgrades are just a few of the well-known ways that current competitors compete with one another. An industry's profitability is constrained by intense competition. The level of competition among businesses and the grounds on which they compete determine how much rivalry reduces an industry's potential for profit (Porter 1979). In the C-Stores industry, the market is still growing, and it is expected to continue to grow (Goldstein 2022). Within the gas station C-Store segment in Portugal, Galp competes with major players such as BP and Prio, among others. Given that these players have relatively equal power, the industry dynamics will be very dependent on the moves taken by any of them. Therefore, the team concluded that the level of **industry rivalry between medium and high**.

4.1.3 Competitive Landscape Analysis

The convenience store segment of the retail market is wide. However, in this segment, the team specifically looks at the convenience stores within gas stations in Portugal. Modern grocery retail is composed of different styles of retail outlets and despite convenience stores being a less relevant component when compared with supermarkets or hypermarkets, the truth is that this category, in Portugal, is gaining increasingly more weight and importance compared with other categories. It represented 4.7% of the total sales of modern retailers in 2016, and it is expected to represent more than 6% of this category's total sales by 2026. Moreover, within this time frame (2016-2026), the number of convenience outlets in Portugal is expected to increase by 19% from 1.940 in 2016 (Euromonitor International 2022).

The convenience retail landscape within gas stations has been evolving in Portugal. Convenience can be seen as a complementary service to gas station's main offering which has historically been fuel services, and, given that the sources of value in fuel retail are changing, reimagining fuel stations as mobility and convenience hubs can be seen as a strategy to improve fuel retail business resiliency (BCG 2022). Towards the future, the convenience aspect of these stores is expected to grow in relevance due to shifts in society such as the push towards decarbonization and the look for alternative and more eco-friendly transport solutions (Euromonitor International 2022).

Repsol is a Spanish multi-energy company, its main activities range from refinery to renewable energies. They have an estimated total of five thousand service stations in Spain, Portugal, Peru, Italy, and Mexico combined (Repsol s.d.). When looking at the convenience aspect of Repsol's business in Portugal, they are overall a strong player and the team can see that they stand out with their loyalty program which encompasses many, more than 15, partnerships ranging from football clubs to banks and various discount options. This loyalty program along with a mobile app works very well for customer retention. The brand has recently partnered with Lidl (Lidl s.d.) to bring customers further discounts in both stores and generate synergies in terms of customer acquisition. On the other hand, the brand' main points of improvement can be found in the underdeveloped lounge area and Phygital experience, and low food products' appeal (Appendix 8).

Cepsa is an international company based in Spain and present in over 20 countries. In Portugal, their only activity is the distribution and marketing of petroleum products (Cepsa s.d.). The company operates their convenience concept in Portugal via the Depaso brand. The company's unique selling proposition can be found in its low fuel prices, however when looking at the selling proposition for its convenience stores one could say it comes from the company's strong brand image and reputation in Portugal, which was mainly developed in Spain. Cepsa's car service workshop called Orbita Cepsa can be considered a strength since it's a traffic builder for the Gas Station. Cepsa has recently partnered with the retailer MyAuchan to explore a new convenience store concept and develop its expertise with Depaso (Dinheiro Vivo 2021). The main points of improvement are found in Cepsa convenience stores' slim product offering, underdeveloped digital experience and weak network of partnerships (Appendix 9).

Shell is a global group of energy and petrochemical companies present in more than 70 countries and with more than 80,000 employees globally (Shell s.d.). The company sold its network of gas stations in Portugal in 2004 and made its way back to the country in 2021 (Observador 2021), after 17 years. DISA is the company in charge of the expansion of Shell in the Iberian Peninsula. Shell's unique selling proposition lies in its international presence and expertise, thus its brand awareness is very high and incentivizes customers to try its products. Their main strengths are mostly regarding the pleasant in-store experience, whereas points of improvement are found in the digital experience of the stores (Appendix 10).

BP is an integrated energy company with four main strategic focus areas: resilient hydrocarbons; convenience & mobility and, finally, low carbon energy. With operations in over 65 countries, the company has almost sixty-six thousand employees globally (BP 2021). BP's convenience stores in Portugal have a unique selling proposition due to the fact that they serve as a quick stop that supports customers in their day-to-day urgencies, such as buying last-minute groceries. By having merged its convenience stores with a supermarket brand, Pingo Doce, the company was able to reinforce the concept of convenience, proximity and accessibility towards its brand. Some other brand strengths are found in the wide offer across their daily essentials' product category, and the well-developed food offering within the immediate consumption category. Their main weaknesses are the overall underdeveloped customer experience, lack of

Phygital component, the inexistence of welcoming lounge areas and the fact that BP's app in Portugal has no link to the products within the convenience stores (Appendix 11).

Prio is a Portuguese company with more than 10 years of experience in biofuel production. It belongs to the DISA group and distributes its biofuel production to a network of more than 250 gas stations in Portugal. The company is expanding to Spain, with two gas stations in the country (Prio s.d.). Prio's unique selling proposition is to sell convenience products at the most competitive prices, thus being able to deviate the most price-sensitive consumers from their main competitors. Its strengths are found in its well-developed online store, and in the fact that they have a simple concept focused on minimalistic architecture and generates a comfortable environment that invites customers to take a break. The main weaknesses are the underdeveloped food category, the fact that there is no B2C loyalty program, there is no visibility for convenience products in the app and the weak Phygital experience offering (Appendix 12).

Circle K is an American Convenience Store chain that operates in the United States of America, Canada, Poland, Russia and Ireland. Circle K has distinctive characteristics that constitute its unique selling proposition (Circle K s.d.). Firstly, it has a customer-centric approach, with the main focus being the customers. To perform up to this main objective, Circle K ensures that its staff has ongoing training, to improve their customer service, and created a great ambience in-store with a lounge, wi-fi and plugs. Over the years, it has developed a Blue Ocean Strategy (Chan e Mauborgne 2005) to target new segments of customers that it wasn't satisfying. It has created innovative meal solutions for new generations by joining forces with a Mexican brand, offering gluten-free and vegetarian options. There are several aspects that Circle K needs to improve thus, Galp must be attentive to these so that it wouldn't follow the same path. Those weaknesses are in terms of digitalization and partnerships. Concerning digitalization, Circle K's digital experience is quite inferior compared with its physical experience; and regarding partnerships, Circle K C-Stores have a small number of partnerships (only 2) and are not very relevant from the customer perspective (Global Convenience Store Focus 2019) (Appendix 13).

Total Energies is a French company that focuses on selling fuel and has developed Convenience Stores to satisfy customers. The assessment of Total's characteristics was based on a visit report and further research regarding in-store experience. Their main unique selling proposition is the broad product offering in the store. Total categories in their Convenience Stores range from clothes, daily essentials to pre-packed meal boxes and a lounge with a microwave for customers to use when needed to warm up their meals. It focuses on customer satisfaction by creating a wide, clean and comfortable store where clients will find almost every product they need at that particular moment. Furthermore, it has a fresh bakery and a specialized café with baristas that will prepare every type of coffee. On the other hand, some areas need improvement to perfect their store business model. Its digital experience is a pain point where there's a lack of Digital and Phygital technological services available to clients – there aren't any similar services such as Click & Collect, Self-Checkout or Grab & Go. Also, their loyalty program is limited and closed to non-partnerships, showing low flexibility to other alliances with companies (Total Energies s.d.) (Appendix 14).

The biggest Gas company analyzed was **Shell International** and their new C-Stores concept – "Shell Select" (Bona Design Lab 2020) and "Shell Café" (Bona Design Lab 2020). Shell has international know-how that enables the use of its resources within each country in which they operate. There's a new redesigned lounge and seating area for an increased pleasant experience for each customer. Additionally, inside this new "Shell Select" concept, it was a developed "deli by Shell", a model where there's freshly made food that its consumers could enjoy whilst in-store and with a focus on local cuisines. "deli2go" is an area available in selected stores where Shell focused its efforts in assuring quality food when grabbing food and consume it on the go or later in the day (CSP Daily News 2019). There's a curious partnership with worldly-renowned chef Jamie Oliver (Shell s.d.) that is focused on disrupting consumers' perceptions of C-Store's food. Alongside that, it has an easy and accessible app that eases customers' experience in-store or even before arriving at one of their gas stations. There are some clear strengths in their current store model such as a wide product offering, fresh bakery, focus on fresh ingredients, outside areas with greenery and organic coffee (Bikes Republic 2016). On the other hand, Shell has been classified as one of the worst customer services companies in the UK (Telecoms 2022) and lacks a Click & Collect. In a strategic approach, it has introduced warm meals for late afternoon and dinner to serve customers throughout the day, there's a clear opportunity for Galp to inspire themselves in this big player's steps. A renovation of their spaces, with the new trends in retail (wood, clean, inviting and warm tones), with a focus on their food (Global Convenience Store Focus 2018). Lastly, Self-Checkout is being tested within its stores, but it isn't widely available to the public yet (Appendix 15).

Esso has formed a partnership with **Tesco** (a food retailer in the United Kingdom) in 2000 (Investegate 2000) to satisfy customers' needs when they needed any sort of products. This partnership has helped gain new customers for both brands, clearly showing a win-win situation. This type of store is smaller than a supermarket but still has a relevant size to offer a broad variety of product categories. Regarding Tesco Clubcard (Esso s.d.) and Nectar Points (Esso s.d.), they can be used in-store and show a fundamental traffic builder to its stores. Even though its product offering is wide, the food quality isn't as good as other players. Also, their app isn't the most reliable based on online customer reviews (Trustpilot s.d.). There's also a concern with this partnership, it narrows customers to shop only when in need, neglecting the customer experience aspect to enjoy their time in-store. There are some key takeaways, this alliance is a clear example of two big players in their areas assembling to provide the best offering for customers. Belonging to a wide network of partners benefits both customers and their own companies, there's a seamless experience regarding loyalty programs which enables the customer to have fewer programs (Esso s.d.). Although this is a successful type of C-Store, they are lacking the customer experience category thus, there's a threat for them in this matter (Appendix 16).

Padaria Portuguesa is a Portuguese Café chain spread out across Lisbon. It's currently offering a wide variety of products and meals throughout the day. Over the last years, it has been developing its product portfolio and also its expenditure of opening hours to broaden their range of customers and different times of the day that customers consume. Moreover, it offers seating area in their own stores for customers to enjoy their meals. Alongside with wi-fi and plugs, people favor them as a place to be and work or relax. Their unique locations help establish themselves as an on-the-go brand. When there are products that are not being sold, since they are perishable, Padaria Portuguesa sells those products for a fraction of the price. There are some aspects that clients notice when experiencing or shopping in its store that contribute to a negative perception of the brand. Their lack of cleanliness and overly crowded stores start to compromise the experience of being in-store. Also, with respect to its app, some customers reviews state that it isn't as functional nor reaching its full potential. The key takeaways about this company are: Padaria Portuguesa is regarded as place to take breakfast, bring freshly baked bread home or even to take a quick meal in-store or on-the-go. It showcases a threat of being a substitute for Galp; Padaria's association with Too Good To Go has helped them sell their products at a discount. Not only they are not keeping stock and take a loss in these products but also increasing their network of customers that prefer to buy its products at a lower price (a good practice that Galp could be inspired by) (Padaria Portuguesa s.d.) (Appendix 17).

Jeronymo is, similarly to Padaria Portuguesa, a coffee shop chain but with a distinctive feature, it is owned by one by a major food retailer in Portugal – Jerónimo Martins. Its stores recreate the concept of traditional Portuguese coffee shop, a familiar spot in the neighborhood.

Its Unique Selling Proposition is to be an extension of the customers' own home, a comfortable and safe place where they can be enjoying their morning coffee, breakfast, lunch or brunch, with everything they need around such as plugs and wi-fi. It is a functional store, with appealing products and environment, that invites the customer to either enjoy a break in the store lounge or takeaway some product during its busy day-to-day life. Additionally, it has a wide offer of healthy items, both in food and beverages. On the other hand, Jeronymo's Digital Customer Experience is underdeveloped, having no app and the Phygital experience is limited to a similar service to Click & Collect. Regarding the Physical experience, the brand's quality of service is consistently poorly rated, across recorded online reviews. In resume, Jeronymo markets itself as a healthy option food provider, which presents a threat to Galp that still have room to improve its food portfolio, namely on healthy options and immediate consumption area. An underdeveloped Digital CX, strengthens the perception that overall, Coffee Shop customers are underserved in what concerns digital experience and thus being an opportunity for Galp to capture the whole of this underserved population. Lastly, it is possible to observe a brand flexibility on the side of Jerónimo Martins, customers don't associate Jeronymo to Pingo Doce (the major company on Jerónimo Martins' portfolio) (NiT 2019), therefore Galp could think on a similar strategy to its own C-Stores (Appendix 18).

Starbucks is an American coffee shop chain present across the world. Starbucks' unique selling proposition is the coffee and its specialized baristas: they can make almost every type of coffee there is and Starbucks' own inventions. Also, they are very good at making their products very appealing, which can boost sales. Starbucks created an experience for the customer, by creating new types of coffee, spreading the American lifestyle across the world, having good customer service and making it on somewhat of glamorous to buy products from them. As a consequence of brand positioning and product appeal, Starbucks has become a place to be, whether it is to meet friends, grab a coffee or even work. Every store has the same design and layout with a comfortable lounge with sofas and plugs that allows customers to stay in and work. Starbucks' points of improvement are the Digital and Phygital Experience. It lacks an app in Portugal, a loyalty program or even partnerships that would allow a better interaction with their customer and, consequently, an increase in customer loyalty (Appendix 19).

Pret a Manger is a chain of stores based on the United Kingdom that focuses on selling hot meals and organic coffee. Its model is a ready-made, freshly cooked with healthy ingredients meals. Every snack and meal are prepared in their own kitchens (Celentano 2018). Also, they are focused on providing organic coffee in their own beverages. They are extremely determined in serving their customers in the shortest amount of time (Celentano 2018). Customers could dine-in or grab and go their meals. Likewise Padaria Portuguesa, its stores are located in crowded areas in order to be easy and quick for consumers to choose their services. A distinctive solution for such demanding customers is the creation of a subscription plan (paid monthly) that allows customers to have a limited number of coffee beverages throughout the month (Pret a Manger s.d.). Like most companies it has an app that lets users redeem rewards (e.g., snacks or protein bars) based on their own purchases and frequency (Pret a Manger s.d.). Their model is quite particular since every store has a kitchen that makes every meal sold and consumed there. This assures the freshness of meals and replicates a restaurant but, on the other hand, the implementation of those could be expensive in kitchen appliances and rent (since it needs a bigger store) (Celentano 2018). Currently, Pret a Manger doesn't have any partnerships associated with their business apart from partnerships with local companies to give every meal that hasn't been sold (Pret a Manger s.d.). Concluding, Pret a Manger has a model tailored to today's trends and could serve of inspiration for Galp to improve their own type of service and food served. It could be assessed the implementation of in-store or ghost kitchens to each Galp store. The execution of subscription plans is innovative for destination sites and could be an opportunity for Galp (Appendix 20).

7-Eleven is a Convenience Store chain founded in Texas, United States of America. 7-Eleven's new stores unique selling proposition is the variety of goods and services, which makes the store something more than just a place to grab a late-night snack. It used the latest digital innovations that provide customers with added convenience by adding some new features to their app: Self-Checkout through the app and delivery. 7-Eleven focus on the customer service, a hyper-efficient delivery system that ensures the hottest products are always in stock and available in the stores (7-Eleven s.d.). Nowadays, it offers a variety of products like customizable beverages with a self-service expresso machine with cold foam, vitamin sparkling water, wine cellar with a wide variety of wines; wide variety of food besides the regular – protein boxes, chicken wings, and mini beef tacos (Convenience Store News 2022). 7-Eleven's points of improvement are its partnerships, which are mostly regarding NBA in the US, to some companies in the industry which could bring more benefits to the customer and should create a Grab & Go to improve the Phygital experience (Appendix 21).

4.2. Internal Analysis

Galp is a public **Portuguese company** founded in 1999 with its main core activities in Petroleum, Electricity and Gas. It is responsible for exploring and producing petroleum and natural gas, refining it, distributing and, subsequently, commercializing it. There are four main operations in Galp – **Upstream, Industrial & Energy Management, Commercial and Renewables & New Businesses**. Upstream is focused on exploring and producing oil and natural gas in Brazil, Mozambique, Angola, Namibia and São Tomé and Príncipe (Galp s.d.); Refining, biofuels, logistics, and cogeneration go under the Industrial division of Galp's Industrial & Energy Management unit, while oil, gas, and power delivery and trade fall under Energy Management (Galp s.d.); Commercial's segment focus on selling its services to customers, ranging from oil, gas, electricity and convenience stores, offering a customer-centric approach (Galp s.d.); lastly, Renewables & New Businesses is looking to the future of the company with an eye on diversifying its portfolio through renewable energies, reducing carbon emissions and other opportunities that may arise from new business opportunities (Galp s.d.). Galp not only operates in Portugal but also across four different continents, specifically in countries like Spain, Brazil, Angola, Mozambique, Cape Verde, Kingdom of Eswatini, São Tomé and Príncipe, Guinea-Bissau, and Namibia (Galp s.d.). Furthermore, they export products to more than 80 different countries (Galp s.d.). Nowadays, Galp is focusing its efforts on exploring the renewables segment. It has expanded its portfolio in operating, constructing, and developing photovoltaic solar energy located in Portugal, Spain and Brazil.

In the **Home segment**, Galp is trying to have a closer relationship with its customers with Plans, different types of Energies and multiple Services. Within the Plans category, it has "*Casa & Estrada*", "*Galp & Continente*" – a partnership with a Continente to provide discounts and offers in both companies –, "*Casa & Mobilidade*" and "*Segunda Casa*". In the Energies segment, there's a complete offer of Liquefied Petroleum Gas (LPG) bottles and clean energies. In terms of Services, Galp provides at-home assistance as one of their efforts to diversify their offering (Galp s.d.).

A **technological approach** was also taken into account with the app "*Mundo* Galp". In this app, users can manage their energy contracts, check their consumptions in terms of energy, keeping their cards that work in Galp's network so that customers don't need to carry them and miss out on discounts related to certain products and services (Galp s.d.).

The new campaign "*Pensar Fora do Carro*" is attempting to change customers' perspectives when looking at Galp's offering. This vision attempts to show that their offer relates to something different, unexpected and surprising. It is trying to make customers think of Galp as **more than a company tied to fuel**. Currently, it has more services and products related to supermarkets, cellphones, kitchens, living rooms and even bathrooms, other than only fuel (Galp s.d.).

When developing Galp's brand most characteristic business, fuel distribution in gas stations, a **convenience store concept** has been developed to complement it – *Tangerina*. A store offering a wide assortment of food and cafeteria products, with routine goods – such as tobacco or journals and magazines – as well as car care products and daily essentials. This concept has been present in most of its gas stations but, with new customer trends and demands, Galp felt the need to improve its idea of what C-Store must offer. Now, there's an ongoing transformation of these stores with new store layouts, product offering and overall value proposition.

Considering the **financial statements** throughout the third quarter of 2022, Galp reached a Replacement Cost Adjusted (RCA) Earnings before Interests, Taxes, Depreciation and Amortizations (EBITDA) of 784 million euros with a 29% year-on-year growth. The categories Upstream, Commercial, Industrial & Energy Management and Renewables & New Businesses registered an RCA EBITDA of €612 million, €103 million, €48 million and €38 million, respectively. When discounting depreciations and amortizations, Galp reached an Earnings before Interests and Taxes (EBIT) of 408 million euros. Furthermore, the RCA Net Income was €187 million for the second to last quarter of the year. Concerning the Cash-Flows segments, Operating Cash-Flow (OFC) was €484 million and Cash-Flow from Operations (CFFO) reached 1024 million euros. The FCF rubric was €427 million, a value that represents a stable in-flow of cash during that quarter (Galp s.d.).

The analysis made to National and International Gas Stations was also made to assess Galp's Convenience Stores and its unique selling proposition (USP) towards its customers. Regarding its **USP**, it is concerned with providing a peak convenience experience to its customer. A place where one can satisfy any need, at a premium experience level. The new Galp C-Store concept offers the client a comfortable lounge with a relaxing environment, perfect to take a break or serve as a workspace. Above all, it proposes itself as a place to be. In one place, Galp provides a wide set of products and services, integrated with a physical, digital and Phygital experience (Appendix 22).

Galp is leading in in-store CX, being the pioneer in Phygital experiences and in transforming its stores into destination sites beyond a convenient gas station where one can find a wide set of products and services. There are opportunities for Galp to improve its digital experience by leveraging its app as a touchpoint to maintain a continuous relationship. There is also a major opportunity in food, namely regarding meals for immediate consumption or to quickly takeaway to a late dinner at home.

4.3. SWOT Analysis

The SWOT model helps companies to outline and clearly state what approach should businesses pursue in strategic planning based on their Strengths, Weaknesses, Opportunities and Threats. "The first two – strengths and weaknesses – relate to the internal environment of the firm, primarily its resources and capabilities; the last two – opportunities and threats – relate to the external environment" (Grant 2018). The approach taken into this framework was based on Galp's perspective on its C-Stores and not the company as a whole. Furthermore, this framework plays a significant role in future decisions and recommendations on boosting their Convenience Stores.

[Strengths (S)] Galp has real state spread out in Portugal, which represents one of the most significant assets for C-Stores in general. This real state is in strategic locations with high volumes of customers passing through every day, it facilitates customers' quick trips to buy any product that they might need or even purchasing products as an impulse.

Moreover, Galp is a company that has been in business for several years and is one of the most recognizable in the Portuguese market. Thus, it has a strong brand association, and it is recognized by most customers in Portugal. This has developed a sense of stamp of approval that is present in customers' minds. Alongside this, it has acquired knowledge of consumer trends and product preferences with its time in the Convenience business. In financial terms, they have resources that enable them to leverage their own business from an organic growth perspective.

[Points of improvement (W)] Customers' main shopping mission when purchasing products from Convenience Stores is related to routine, they tend to mainly buy tobacco or coffee. This poses a threat to Galp because customers are looking for products that don’t have much-added value and margin for the company. Even though Galp has knowledge about general customer trends and preferences, the company does not know what each customer wants or values. With an increasing trend of personalization demanded by customers, Galp presents room to improve in this aspect. Additionally, the main loyalty program attached to Galp in this segment is their partnership through Continente, therefore there’s lower engagement with customers and Galp isn’t relating each ticket to a specific customer thus, lacking on personalized information.

Regarding food and immediate consumption, they do not have this segment as well developed as other players, such as restaurants and cafeterias.

To finalize, employees that work in C-Stores are concerned with performing every task in-store. An employee may be responsible to take care of delivering orders or receive payments for Petrol products or even prepare some type of sandwich. On top of it, customers need to wait for an employee to complete every kind of task, regardless of if they are there to pay for a full deposit of gasoline or just to buy a coffee. For example, if a customer wants to buy a sandwich, he must wait for another customer to pay for gas or for another customer to get a coffee served to them. These reasons lead to a decrease in efficiency, long waiting lines and, ultimately, lower customer satisfaction.

[Opportunities (O)] In the Gas Stations industry, there have been some developments in terms of C-Stores but, with the implementation of a new concept of food or technological touchpoints to improve convenience to customers, Galp can be perceived as an innovative company that focuses on new trends and listens to customers when satisfying their needs.

Also, with the introduction of this new concept around food, there was a disruption in customers' minds around this category. There's the example of Colibri (Colibri s.d.) that has renovated its stores on highways and started to sell food with an increased visual appeal. Moreover, regarding technology, when approaching a more Phygital approach, it can capture a broader set of customers that value technology as an enabler of convenience. Galp's competitors aren't showing much effort in improving their technological shopping experience for customers thus, Galp will have the first-mover advantage in terms of digital transformation and implementation.

There's an opportunity for the company to personalize the shopping experience for their customers. By developing a new loyalty program or even handling the data associated with the loyalty program, it is crucial to include a set of tailored unique offers and discounts based on customers' previous purchases. Finally, there's a strategic approach being carried through the "Pensar Fora do Carro" campaign. A clear vision of diversification for Galp and an attempt to detach the brand from Fossil Fuels will enable a stronger focus on the improvement of their Convenience Stores.

[Threats (T)] This highly competitive market has also threats that could impose some setbacks in Galp's strategy and objectives achievements. There are two clear threats concerning food that could impose some difficulties, which the lack of brand recognition in the food market and the lack of knowledge in this area. Galp has less recognition since it is not its core business, in opposition with as a restaurant or even a cafeteria brand. Also, this market is highly populated with strong players that have large years of experience in the service of meals to customers as well as operational expertise and capable infrastructure (Appendix 23).

In terms of the Convenience Stores market as whole, zooming out from the food business, it is also an overpopulated market, ranging from independent and family-owned stores to supermarket chains that have smaller-sized concepts. Additionally, food retailers are partnering with Gas Stations posing a threat to other C-Stores when shopping for daily essentials.

Another issue that may cause a threat to Galp's C-Stores is its product assortment. Many customers don't value some categories that are present in Galp's Gas Stations. The space that is taken for these categories could be replaced by new ones that the customer values and that fulfill needs he wishes to satisfy.

4.4. TOWS Analysis

When analyzing **WO Strategies** (Mini-Maxi), it is possible to identify that traditionally Galp C-Stores have a high percentage of sales allocated to routine items such as tobacco and newspapers, losing the chance to convert consumers into buying other items that return a higher margin to the company. This aspect can be complemented with an opportunity to disrupt customer's mind around the concept of food, that is currently underdeveloped within C-Stores. Moreover, due to low investment in digital channels, there is low levels of engagement with Galp's app and consequently there is not much personalized data available which is key to tailor offers to each customer. There is no disruptive digital channel among any of Galp's competitors which means that there is an opportunity for the company to be a first mover in digital transformation.

Regarding **WT Strategies** (Mini-Mini), the low levels of personalized customer data also disable Galp from optimizing product assortment in store leaving the brand more exposed to the threat of substitution. The team can see that the loyalty program developed with Continente, through *Cartão Continente*, also incentivizes the customer to shift the purchase of non-fuel items from Galp's C-Store to Continent where the customer can benefit from discounts in all products, associated with their spending in fuel at Galp. On top of that, Galp still have room to develop the food and immediate consumption categories at its C-Stores which poses a significant challenge once the company's expertise is not focused on such topics and it is a business arena with a strongly competitive environment.

For **ST Strategies** (Maxi-Mini), Galp's strategic store locations are a crucial asset that can make the brand stand out in the overpopulated market of food and immediate consumption. Moreover, with the consumer data the company has collected, over the many years since its establishment, it can already better tailor the product assortment to consumer's general preferences. Above all, even entering as a follower, of other established and trendy brands in the food business, with its significant ability to invest Galp can surpass competition.

Lastly, concerning the **SO Strategies** (Maxi-Maxi) the strategic store locations can also be leveraged to tailor the product assortment to specific locations, at the same time, Galp can capitalize on its well established and strong brand and associate it more and more with product variety and diversification so the consumer starts dissociating it with fuel exclusively. Finally, with a high ability to invest, Galp has the potential to be a disruptive first mover concerning digital transformation, creating continuous touchpoints with the client through digital (Appendix 24).

4.5. Key Takeaways

The main question the team aimed and solve with this project focuses on if Galp can considerably improve its customer experience within its C-Stores. The analysis that has been developed within this fourth chapter leads us towards some positive hints. Based on the external analysis, a few key points can be highlighted. (1) Within the C-Stores industry, the **market is overpopulated** and composed of major well-established companies, being Galp one of them. These players have, throughout the years, acquired the loyalty of their firm customer base and thus make the threat of new entrants low. (2) Given the high number of substitutes for the same product within the food retail industry, there is a **high threat of substitutes**, meaning that if customers do not like the price of a given product in a convenience store, they can easily find a similar product with wider variety at a lower price in, for example, supermarket. Therefore, customers face low switching costs and can be considered to have moderate to high bargaining power. (3) **High bargaining power of suppliers** is also an important issue to consider given the low number of major food-retail suppliers (Observador 2015) that might make negotiations tougher for Galp's C-Store business.

From an internal perspective, (1) Galp has been in the C-Store business for many years and has one of the most **recognized brand** in the Portuguese market. (2) The company can leverage already developed projects such as "Pensar Fora do Carro" by complementing it with solid improvements on its current **app "Mundo Galp"** offering and intuitiveness. (3) Employee **satisfaction and value adherence** allow the company to be confident in knowing that any new project will be handled with grit and passion within the stores.

Throughout the competitors analysis, there were identified several best practices, and further analyzed in order to understand how that best practices could become an opportunity for Galp. Total, BP and 7-Eleven have a **wide range product variety**, which is critical for a complete convenience store experience, meaning that Galp, by broadening its product assortment, will be able to capture new client segments. Padaria Portuguesa and Pret a Manger understood that **consistency** is key from brand name, awareness, and perception. Moreover, companies like Circle K and Shell International ensure a good physical experience and add **digital features** in order to improve Customer Experience. Also, Circle K and Continente Labs created a great **Phygital experience** by enabling payment through the app, eliminating waiting lines, and consequently improving the customer experience. The creation of **partnerships** can leverage the partner's brand equity, for example BP and Esso. Continente (Bagga) and Jerónimo Martins (Jeronymo) saw an opportunity on creating a specific brand for coffee shops, which dissociated from the primary business industry, generating **brand flexibility** and consequently capturing a new segment. Amazon Go and Continente Labs have eliminated the tasks that do not had value to the customers enabling staff to perform tasks that can improve the customer experience, and thus increasing **efficiency**. Circle K used a **Blue Ocean Strategy** and focused on non-customers to expand their target segment. Galp can take leverage from these best practices and develop new strategies to become a differentiated and stronger player.

All in all, Galp’s external environment dictates that despite the high supplier and buyer bargaining power, the brand's strong position within the market is a strong foundation that will guarantee good chances of success in new projects. Internal capabilities such as the company’s reputation and experience, the existence of important and disruptive ongoing projects and employee motivation will be critical in allowing the company to be confident in any new endeavor within the commercial, and more specifically, the C-Store segment.

5. Baseline Research

5.1 Sector Trends

Convenience stores carry enormous value when it comes to providing people with the chance of being able to, in a seamless manner, grab whatever they need, whether it is fresh food or groceries, without having the hassle of standing in line and wasting precious time. We live in a fast-paced world in which marketing and product development efforts are consistently delivering relevant new ideas and concepts. Hence, convenience stores must ensure their survival by truly adapting to the constant changes within the industry.

One of the most probable outcomes for convenience stores is the fact that they will become neighborhood hubs. In these hubs, people have the opportunity to solve plenty of their needs in one unique place with a wide range of product and service offerings (Goldstein 2022). Not only will a change happen in terms of how convenience stores are designed and laid out, with the help of investments in more compelling types of commercial real estate assets, but the team has also found, from a collection of different sources, four main trends for the sector which are personalization, diversification, the concept of convenience as a trend and, finally, digital interaction. Below it was explained why these different trends are relevant and how they impact the sector. **Personalization** is a customer experience component that has an ever-greater impact on store performance. Players who are successful in providing tailored offerings and outreach to the right individuals at the right moment with the right experiences achieve better results regarding customer loyalty and customer lifetime value. Customers are 76% more likely to purchase and 78% more likely to recommend brands that have personalization options (McKinsey 2021).

Convenience retail experts around the globe claim that food service is a key component in allowing companies to try and capture broader market shares. For example, in Northern Europe, there is a focus on high-end artisan food and exploring the take-home market whereas in South Africa the value is found in having a diverse range of products to tailor the wide spectrum of clients (NACS Show 2023 2022). **Diversification** in the convenience sphere can be looked at through the lens of food offerings, and the trendiest food categories can be found in vegetarian options, alternative snacks, such as protein and high-fiber bars, and a wide selection of fresh fruits and salad options for example (Ready Convenience s.d.). Diversification has plenty of benefits such as risk mitigation for companies, increasing brand strength and resourcefulness and can even be employed as a stability measure for particular brands looking to broaden their hold on the market via product diversification (Indeed 2021).

In a fast-paced world where most people have lifestyles that do not allow them to stop, customers look for **convenient solutions** in all aspects of their lives (Deloitte s.d.). Retailers need to meet consumers wherever they are, be it online, physically or in a blended format in the Phygital sphere (Nielsen 2021). The increase of the importance of convenience retail has been seen, particularly in Portugal which observed a growth in the number of convenience outlets in the country as well as the growth in convenience store sales. Sales in convenience stores are expected to grow 60%, between 2016 and 2026, and the number of outlets is expected to grow 9% in the same period. In general, convenience stores are increasingly more important when compared with other modern retailing modes, such as hyper and supermarkets (Euromonitor International 2022).

Nowadays, **digital interaction** is the norm. With e-commerce playing a major role in the growth of the retail and wholesale sector, companies must be prepared to meet the growing demands of an increasingly more digital-based society. In 2021 alone, eight hundred billion gigabytes of customer data were generated across the globe. Such data can be turned, via advanced analytics and artificial intelligence, into an important enabler of value maximization and technological advancement (McKinsey 2022). For example, new generations are pushing for frictionless experiences within convenience stores and 59% of consumers would avoid stores that lack automated technology. There are no doubts that digital is the way forward (McKinsey 2022).

5.2 Customer Trends in Customer Experience

5.2.1 Customer Journey

From the literature review, one is able to realize that the Customer Journey allows for the **customer's perspective** to be taken into consideration while designing the interaction channel between the company and the customer. A journey is a distinct, focused experience that occurs during the customer's life cycle, through which customers interact with different aspects of the business. These interactions with different aspects of the business are the touchpoints mapped out to measure and ensure customer satisfaction. However, the substantial aspect is the customer's end-to-end experience (Park, Neher e Maechler 2016). This can only be achieved by becoming customer-centric and by putting the **customer at the heart of the problem-solving process** (Park, Neher e Maechler 2016). In other words, to be able to become customer-centric, the institution should take a customer journey perspective, instead of individual touchpoints perspective. By putting the customer at the center of the problem-solving process, a bunch of inefficient processes will be ripped out, thus allowing companies to serve the customer in a better, faster way, with typically greater enthusiasm from the front-line employees. It is in fact relevant to point out that the latter should also be a core part of the customer journey (Park, Neher e Maechler 2016).

The McKinsey article reveals that one of the most crucial aspects of customer journey analysis is **consistency and clear communication**, as a whole, instead of individual interactions (Park, Neher e Maechler 2016). Here is where a company achieves and is able to provide a seamless experience to its customers. Finally, the McKinsey article suggests that customer journeys are significantly more strongly correlated with overall outcomes than touchpoints (Park, Neher e Maechler 2016).

Another article published by PWC found that almost 80% of Americans say that speed, convenience, and knowledgeable help along with a friendly service are among the most important **elements of a positive customer experience** (Puthiyamadam e Reyes 2018). Puthiyamadam and Reyes (2018) say that “employees drive the experience”, thereby confirming McKinsey’s article (Park, Neher e Maechler 2016) discovery which states that by giving employees empowerment they will then drive and create a more significant customer journey experience. Finally, the same article suggests that by providing customers with a great experience, they will consequently buy more, be more loyal and share their experience with family and friends. Therefore, the company’s revenues and profitability will be positively impacted (Puthiyamadam e Reyes 2018).

In the specific context of Galp, and in accordance with what the team has concluded alongside with the interviews conducted, it is clear that in Portugal Galp stands out as a brand with disruptive initiatives in customer journey, due to food and technology implemented in their stores, more specifically the new hubs. However, there are still some pain points, such as the inability of reaching the full potential of the app, which are points for improvement. Despite being having a consolidated position within the Portuguese Convenience Store industry, Galp should continuously strive to explore opportunities for customer journey improvement, due to the great benefits it can bring as an enabler to turn customers into brand ambassadors.

5.2.2. Customer Experience Trends in Sector

For effective advertising and for the customers to actually get what they are looking for, it is important to study and be in accordance with customer trends. Specifically, in the C-Stores industry, customers play a major role while shaping new trends.

An article from Forbes (Burns 2020) suggests that convenience is essential, as it provides the customer with easy solutions that will be translated into more time for themselves and fewer things to worry about.

According to an article from McKinsey (McKinsey 2021), not only do customers expect **personalized service**, but 71% of customers consider personalization a basic expectation. Customers expect brands to demonstrate they know them on a personal level. Personalization has an impact on the likelihood of purchasing, referring to friends and family, and re-purchase. By having a personalized service, 76% of customers are more likely to purchase from brands that personalize. Consequently, 78% are more likely to refer to friends and family, and 78% will re-purchase from brands that have personalized service. The same article from McKinsey (McKinsey 2021), reveals that 76% of customers get frustrated when they don’t get personalized service.

With the progress in technology happening every day, 63% of customers expect C-Stores to present them with **digital experiences**, and 59% avoid stores that lack automated technology, revels a survey made by Capgemini (Convenience Store News 2022). Also, technology is a valuable factor since Gen Z becomes more important as they become both customers and employees (Deloitte 2022).

Summarizing, Galp should provide customers with easy solutions in its C-Stores, such as digital experience and personalized service in order to meet customers' needs.

5.3 Best practices

As mentioned before in the Sector Trends chapter, Convenience stores are still a growing industry, that has not reached maturity yet, and in a rapidly evolving world, C-Stores will eventually become neighborhood hubs, enabling customers to quickly stop by a neighborhood convenience store, pick up what they need, and avoid the stress of waiting in line and wasting valuable time. In order to better understand how C-Stores could become neighborhood hubs, the team chose to conduct an analysis of best practices divided into four quadrants: Inside and outside Portugal, while considering both Destination Sites and Retail. In the Destination Site's arena, there were identified 6 major players, while in Retail there are two major players highlighted for their seamless customer journey.

Figure 1 - Best practices by Type and Location

Starting with the Portuguese Destination Sites, **Padaria Portuguesa** (Padaria Portuguesa s.d.) was born in 2010 as a neighborhood bakery that would create a change in the locals' behavior: start buying bread again in the local bakery instead of buying from the big surfaces far away from home. The idea of Padaria Portuguesa came as a **solution for a daily**

issue, and have been solving daily issues ever since, from having a comfortable lounge to offering ready-made meals. Despite these brilliant solutions for everyday problems, another best practice found in this company was the consistency of store design, product assortment, and quality. This consistency is a key aspect of their success because it ensures customers that every Padaria Portuguesa they choose, closer or further away from home, will have the same product assortment with the same quality and the same closing hours. By doing so, Padaria Portuguesa has created a "seal of approval" among its customers. **Starbucks** has brought to Portugal, the American Lifestyle with a place where customers can enjoy their products. A wide beverage offering, with specialized baristas and comfortable lounges where customers can enjoy their time. Starbucks has a very personalized service, with customers choosing every ingredient of their beverage or choosing a signature one, and at the end, the staff will **call the customer by their name**. Not only the brand has had a solid positioning with clear brand communication, as Starbucks creates engages customers 'through personalization, writing names on the package before delivery creating a more intimate relationship.

Bagga and **Jeronymo** are subsidiaries of two major players in the retail industry, Sonae MC, owner of Continente and Jerónimo Martins, owner of Pingo Doce, respectively. By creating the sub-brands, Continente and Pingo Doce have been able to grow their business and create the idea of a "local" pastry, while it is nationwide. Continente has gone further, by allowing customers to enjoy the loyalty program in Bagga as well. This **brand flexibility** allows the creation of a new brand which is dissociated from the main business, in this specific case, Galp by creating a new brand for the C-Stores could dissociate with fuel, capturing a new segment.

Outside of Portugal, **Pret a Manger** (Pret a Manger s.d.) is an international franchise that serves freshly made food and pre-packed meals. Pret a Manger has an international presence such as in the United Kingdom, France, India, Hong Kong, and more, but customers know what they will find in each of these stores, wherever the location: pre-packed meals and freshly made food. This is the same **consistency** Padaria Portuguesa has and is also a key success factor for Pret a Manger. **Shell** is an international group of energy and petrochemical companies, that is trying to decentralize its business from the oil and fuel industry. For that, Shell International made a **partnership** with Jamie Oliver and together created Deli2go. Inside a Shell station, there is an area dedicated to Deli2go with warm meals at any time with a renovated lounge and seating area. By doing this partnership with Jamie Oliver, the known chef, Shell has ensured its customers the quality of their food.

In the Retail market in Portugal, **Continente Labs** is a pilot test, consisting on a **smart store** that aims to fulfil the same purpose as Amazon Go which is present in the United States and the United Kingdom. It is located in *Arco do Cego*. The customers will need an app (*Cartão Continente*), and they can start their purchase just by taking the products from the shelves and those products will be added to the virtual cart. If the customer changes his mind, he can put it back anywhere, and then will be removed from the virtual cart. When the customer has everything, he can simply walk out, and the amount will be charged in the app, which is linked to the cart. The purpose of this store is to solve the major problem that every supermarket has: waiting lines. In this store (and Amazon Go), there are no waiting lines and no cashiers. However, having the app is not the only way to pay at this store. There is also a Pay Stand for Self-Checkout. Continente Labs has eliminated the tasks that don't add value to the customer, such as being at the cashier and given to the staff tasks that actually add value, such as re-stocking or helping with the app, or even helping find a product. Continente Labs and **Amazon Go**, have leveraged technology in their favor. Not only found a solution for its customers by eliminating waiting lines and just walking out with the cart will be automatically charged to their account, as well as they have solved a problem for the company itself, eliminating tasks that don't add value to its customer and changing them for tasks that do add value, increasing **efficiency** and consequently creating a better value for money for their employees.

6. Concept Testing

6.1 Qualitative Study Review

As mentioned in the "Qualitative Study Review" on the Methodology chapter, under analysis phase's description, the qualitative study provided by Galp served as a crucial steppingstone for this second phase of our project. It allowed the team to understand the current C-Store concept from Galp and learn about customer's perceptions on this topic. In the study's first chapter, the team found the description of consumers main needs; their main shopping missions along with which commercial establishments better solve those missions; and, finally, the decoding of the convenience concept in general, as a trend. Regarding consumer purchasing habits, the team found that main customer needs arise from either utility related (related to problem-solving) or hedonistic (related to pleasure) needs. Utility-related needs are comprised between functional and operational needs, related to the source of each need and the characteristics of its resolution, accordingly. On the other hand, hedonistic needs are broken down into emotional, related to the customer's sensations, and social needs, such as a client's impact on society via eco-friendly purchasing habits. Purchasing characteristics dictate that the main shopping missions are indulgence, immediate consumption, day-to-day needs, shortcoming, and the purchase of supplies. Finally, the convenience concept is decoded as being achieved when the following three components are linked. These are proximity, regards reduced distance, commodity, when there is reduced effort to purchase, and easy access when there are no barriers to accomplish the purchase.

The second chapter of the study presents the team with two very relevant insights: the decoding of the convenience concept regarding fuel stations and the evaluation of the concept's nuances. The team firstly understood that each different commercial surface (fuel stations C-

Stores, supermarkets and restaurants) is tailored to distinct purchasing purposes. Whereas a C-Store will be better prepared for a rational purchase, including impulse when there is a lack of alternatives and it is typically pressured by price and parking, a purchase in the supermarket will be better prepared for purchases aiming for low prices that give clients the certainty of finding whatever they need given supermarkets' variety. Finally, purchases in restaurants will be more emotional and impulsive. The convenience concept in fuel stations has its nuances, and the most important of them are the constraints or barriers to consumption in-store. According to the study, the main barriers are financial, such as perception of high prices, personal, based on time pressure, and operational, based on payment inefficiencies, poor pastry image and limited parking spots.

The final chapter of the study, decoding Galp's new convenience concept, presents conclusions regarding its main components and the impacts it will have on different pillars of customers' experience. To summarize, Galp C-Store's function is still perceived as a place for the customers to primarily to pay for fuel, thus the service will be mostly oriented towards payment. This concept targets mainly customers in transit and the typical type of purchase will be occasional purchases. The main shopping mission carried in the store is immediate consumption and the main product category purchased is impulse products. The store environment, however, is perceived as modern and prices are perceived as reasonable in the cafeteria but expensive in other categories. Learnings derived from analyzing this concept in practice point towards the fact that the store environment was the dimension that had the biggest positive impact on clients. Price perceptions also revealed to have changed as, despite the fact that clients still have a perception of high prices in general, at the new concept people do perceive that the cafeteria prices are reasonable. Regarding target clients, with this new concept clients remain predominately the ones in mobility, however, the new "seating" area signals the fact that the store can receive customers that are looking for a place to relax or to even work remotely from there. The remaining dimensions of customer experience, namely concept perceptions, function, purchase situation, shopping mission, product assortment and service model, were not significantly impacted by the new concept, thus, as the team wanted to explore ways to increase positive impact within these dimensions as well, they were selected as aspects for further analysis to conduct through the presential questionnaires at Galp's Hubs.

6.2 Hypothesis Conception

Taking into consideration all the information described before – Customer and Sector Trends, National and International Benchmarks, Best Practices and, lastly, a Qualitative Study – served as foundation to formulate hypotheses to test the viability of the brainstormed solutions and guide the group towards the right path. The intersection of the research done before this phase will validate or not the hypothesis formulated (Rasiel 1999).

As before described, in this project both galp and Nova SBE teams agreed to focus the analysis efforts on three important pillars for Galp: Brand, Assortment and Technology. An Issue True (Table 1) was assembled to visualize information in the most efficient way to validate or discard hypotheses so then, in the next chapter, it was possible to build recommendations upon the analysis findings (Rasiel 1999).

Table 1 - Issue Tree

Issue	Sub Issue	Hypothesis	Validation Tools
1. Assortment	1.1. Should Galp focus on already packed meals?	Yes. Customers want quality food when eating in their workplace	Benchmark, Hub Interviews and Survey
	1.2. Should Galp target the Vegan and Healthy market?	Yes. Customers are keen on different plant-based options	Benchmark, Hub Interviews and Survey
	1.3. Should Galp focus on freshly made meals?	Yes. To increase customer retention and loyalty	Benchmark and Survey
	1.4. Should Galp change its cafeteria products assortment in-store?	Yes. When shopping, customers aren't interested in outdated products	Hub Interviews and Survey
2. Tech and CX	2.1. Should Galp implement Self-Checkout in its stores?	Yes. When shopping in a rush, customers want the most efficient and queue-free experience	Hub Interviews and Survey
	2.2. Should Galp focus their efforts in improving the app, especially for C-Stores?	Yes. Customers trends indicate that they want personalized experiences	Benchmark, Hub Interviews and Survey

	2.3. Should Galp develop a subscription plan for their regular customers?	Yes. Destination sites are developing these models to increase customer store visits and average ticket	Benchmark and Hub Interviews
	2.4. Should Galp further develop Click & Collect service?	Yes. Digital transformation is a crucial factor	Benchmark, Hub Interviews and Survey
	2.5. Should Galp, in these new stores, introduce pay stands to improve efficiency?	Yes. Nowadays, customers tend to rely on a technological journey	Hub Interviews
	2.6. Should Galp further develop Grab & Go service?	Yes. Customer trends show a focus and digitalization of processes	Hub Interviews and Survey
	2.7. Should Galp invest in cozy stores?	Yes. International players are shifting their focus on improved stores for customer's enjoyment	Benchmark
3. Brand	3.1. Should Galp develop a new sub brand detached from its main brand?	Yes. There's a clear image of Galp in consumer's minds	Hub Interviews and Survey
	3.2. Should Galp develop partnerships with already established brands?	Yes. National and International players have shown how successful these partnerships can be	Survey
	3.3. Should Galp try to dissociate with their brand due to its brand contamination?	Yes. Galp has a history associated with fuel	Hub Interviews and Survey
	3.4. Should Galp create separate areas for fuel and cafeteria?	Yes. Having a clear distinction could improve customer's enjoyment in-store	Hub Interviews

6.3 Quantitative Research

To address the conceived hypotheses, quantitative research was conducted through two distinct tools, an Online Survey and Presential Questionnaires at four different Galp’s selected Hubs. The Online Survey aimed to target the Portuguese population as a whole, to understand the potential market that Galp still has to explore, while the goal aimed to achieve through the Presential Questionnaires was further research about Galp’s Hub clients, namely their perceptions, experience at the Hub, preferences and needs. This questionnaire targeted exclusively consumers that had already have a Hub experience.

One more objective the team wanted to achieve through these tools was the validation of the hypothesized personas. Gathering all the information collected until this point of the project, including Galp’s team experience and expert interviews, the team developed a framework, along with two strategy experts, that enabled to build hypothesis of personas. The framework intercepted **context** with which a customer would drive to a Gas Station C-Store and **type of store** per location which the persona visits more often. Thus, questions to assess these two dimensions were included in the quantitative research, to enable the further development of personas.

This chapter explores both quantitative research tools and its respective findings as well as validation of hypotheses and further development of personas.

6.3.1 Survey

The Online Survey was developed through Qualtrics, which is an online survey platform that allowed the team to enquire about different groups of people. This survey was activated multiple time through various channels such as WhatsApp, LinkedIn, Facebook and Instagram. The survey script is present in Appendix 25.

The survey reached a total of 785 people and recorded 712 valid answers, due to unfinished answers. From the valid answers, in terms of gender distribution, 62% of people were female and 38% were male. The remainder of the demographics are clearly shown in the table below (Table 2). There's a 4% Margin of error in this analysis.

Table 2 - Online Survey sample demographics distribution, according to the Portuguese population

		Sample	Weighted
Age	Between 18 and 25	28%	10%
	Between 26 and 40	17%	21%
	Between 41 and 55	39%	26%
	Older than 55	15%	43%
Gender	Female	62%	52%
	Male	38%	48%
Location	Lisbon	64%	-
	Oporto	15%	-
	Rest of Portugal	21%	-

Due to the lack of representativeness of some age intervals within our sample, a weighted percentage of this category was taken into consideration based on the Portuguese population (INE 2022). In geographical terms, the sample is mainly concentrated in the city of Lisbon (64%), followed by the Rest of Portugal (21%) and lastly Oporto (15%).

The survey, as agreed, was built upon three pillars: Assortment, Brand and Technology. Each pillar was analyzed and statistically tested to ensure the validity of the data (this can be seen in the Excel file named "support_chapter6.xlsx", submitted alongside this dissertation).

Assortment

When analyzing the assortment in-store, the team started by understanding how many consumers, over the population, have consumed food at least once at a Gas Station C-Store. The survey results revealed that 84% of the population have had already consumed food at a Gas Station C-Store, while 16% hadn't.

The people that have never consumed food at a Gas Station C-Store, stated that the main reason for that was the **perception of high prices** in food product with 41% of the surveyed population ranking that as the top one reason not to consume, followed by the inferior quality of products (18%) and lack of healthy options (13%).

In relation to the 84% of interviewees that responded positively, 83% tend to consume products one time per month or less, consequently showing the **low frequency of purchasing** habits in these stores.

When presented with a new concept showcased to them in with a description and an image (illustrative of the new concept of Galp's C-Stores but without any name attached to it), people indicate that, in these stores, would **strongly value freshly made meals**, **takeaway meals** to consume elsewhere, like work or at home, and breakfast menus. Also, another category that interviewees value in this new concept is **healthy products**. It clearly shows a wish, from people, to eat food that is fresh and prepared in-store. To eat quality food outside their own house and the effort on eating healthy is a concern that motivates people.

Brand

The Brand pillar goal was to assess the viability of the sub-brand and the brand contamination associated with the brand "Galp". Throughout this survey, interviewees responded favorably to the hypothesis to **develop a distinct branding for the cafeteria**. In fact, 25% of people expressed high interest in a brand partnership with a well-known brand from that industry, using the Top 3 boxes approach (people who selected 8 + 9 + 10 scores, in a scale of 0 to 10). Only 33% did not express interest in this kind of partnership.

Furthermore, 81% of interviewees indicated they would value more a **partnership with an existing brand** compared with the development of a sub-brand developed organically by the Gas Station brand itself. Based on these answers, it is possible to conclude that customers would prefer a different branding strategy, particularly to the Gas Station's brand associated in partnership with a cafeteria brand already well established in the market.

Technology

Concerning technology, some questions were addressed in order to understand interviewees' relationship with the apps associated with their favorite Gas Station brand and if they value technological improvements to ease their experience in-store. When focusing on the technological suitability of C-Stores, 78% of people feel that technology feels adequate to current industry standards.

With respect to the app that interviewees mostly use, the most frequent apps used are BP Premier and Mundo Galp with 13% of users saying that they use those apps. These are followed by Repsol Move, Cepsa App and Prio.Go with 9%, 6% and 5%, of consumers reporting they use it, respectively. The **usage values are low**, contrasting with what was expected from customers since those apps provide a diverse number of features to them. Still on the app topic, from the people that do use the app, the **main reason why they use it** is to check for **discounts** and **campaigns available to redeem** (45%). The remainder of customers, the ones that don't use any type of app, justify their **lack of app usage** due to the **phone storage** that it occupies (42%) or give individual answers mostly related to the fact that they **do not recognize value added** in their lives from the app's features (36%). When understanding what people would value in a new and improved app responses were clear, 45% would like to know what discounts are available, followed by the product assortment in-store (19%) and ordering products through the app and not through third-party apps (12%).

Additionally, technological services were presented to improve customer experience in-store: Click & Collect, Grab & Go, Self-Checkout. Click & Collect is a feature that allows the individual to buy something through the app. Choose, pay and collect at the store later by presenting a code to the staff. Grab & Go is an offer available at convenience stores, with a variety of products for pickup without queuing. Through an app, the QR Code on the side of the Grab & Go display is read, after which the doors are unlocked and the desired product can be picked up, and later the amount will be debited from the app. Self-Checkout is a new store concept where you can enter by reading a code in the app, choose the products you want and leave without having to pay at the cashier, because the amount is automatically debited in the app that you used to enter. Another feature from this service is the introduction of Pay Stands to eliminate the need to pay on the counter and reliving employees on that task.

There are interesting insights regarding the preferability towards those services. Generally, customers rate **traditional payment** (paying in-store) higher than the other services, with 37% considering it as their **preferred service**. The ranking of the remainder of these services was the following: 29% in Self-Checkout, 19% in Grab & Go and, lastly, 14% in Click & Collect. Deep diving into this number, the team found that technological **preferences will vary due to the factor of Age**. The younger generations (age group between 18 and 25) prefer Self-Checkout and Grab & Go, two advanced technological solutions. Whereas older generations (age ranges from 56 years old onwards) prefer traditional payment services with an employee taking care of the transaction. The remaining people surveyed have similar preferences between the traditional payment method and the Self-Checkout service.

Concluding, there is still a perception that traditional payment is easier and more convenient in relation to more technologically advanced services. But there's an **opportunity to capture younger generations** by including new services and features, which could lead to an increase in retention rate, while keeping traditional payment.

6.3.2 Hub

Another market research tool was used to assess the perception of consumers regarding the 3 pillars (Brand, Assortment and Technology). A Questionnaire was developed to evaluate the opinion of Galp's Hubs customers in-store. The hub questionnaire script is present in Appendix 26. The team went to the 4 different stores that have the new concept of Galp – *Gare do Oriente* (Lisbon), *Modivas* (Porto), *Senhora da Hora* (Porto) and *Telheiras* (Lisbon). Collected a total of 60 interviews (all valid answers) with 12 conducted at *Gare do Oriente*, 9 in *Modivas*, 21 in *Senhora da Hora* and 18 in *Telheiras*. Although every questionnaire was conducted in person, the script was tailored to then conduct a quantitative analysis, to better understand customers' perceptions of the new concept in aggregate. As advised by the interviewed statistics' experts, the there was no need to weight the sample based on the Portuguese population distribution, since it would not be used extrapolate findings to the whole population. With this limitation in mind, the data was analyzed to better understand what Galp's customers think of the new stores.

In terms of demographics, the sample is distributed into 70% of Male respondents and 30% of Female respondents. Furthermore, 7% belong to the age range of 18 and 25, 45% are comprised between the age of 26 and 40, 27% are within the 41 and 55 age range and 22% of interviewees are 56 years old or older. Also, there's a 13% Margin of error in this analysis.

<u>Assortment</u>

When it comes to the Assortment department, 83% of interviewees answered positively about previous consumption of food in the Hub. Of these positive answers, 98% answered

“Yes” regarding the possibility to **repeat consumption** of food in-store. Furthermore, when confronted with reasons why they consume in-store, 37% said that was mainly because of **food quality** and 20% said it was due to beverage quality. Based on those two data points, it can be stated that the perception of food quality between the Online Survey and Hub’s Questionnaires is different. When testing different cross-selling ideas to increase the average ticket per customer, customers did not show much interest, with 53% answering they were not interested in that solution. Also, to understand customers' knowledge towards **product assortment**, 72% of customers know what products the cafeteria offers but they **only know due to store attendance**. Menu boards seem to not be that effective, as few people referred it when asked about how did they know about the store’s assortment. Also, the marketing related to showcasing products and services does not seem to be very effective. Finally, the last topic addressed in this pillar was customers' valuation in terms of healthy options, vegan options, gluten-free options, individual ready-made options and familiar ready-made options. The criteria to understand the real interest of customers in those solutions was the interpretation of 8, 9 and 10 results in those answers (top three boxes method). The most valued option was the **healthy options** – with 55% of customers responding favorably – followed by individual **ready-made meals** – with 38%.

<u>Brand</u>

In this department, customers were able to identify the brand associated with the Hub where they were being interviewed (87% responded that they knew). When asking interviewees what the top three words are when they think about that Galp C-Store in which they were in, the most common answers were “Fuel” with 20 answers, “Orange” with 12 answers, “Cafeteria” with 8 and “Café” with 7 answers. There’s still a **strong association with Galp’s main brand**, with the C-Stores branding being contaminated with the ideas associated with Galp’s main brand, which are not always positive nor related to the C-Store value proposition.

Technology

In terms of Technology, concerning payment method preferences, opinions are quite even between using their own smartphone to pay in-store or paying at the counter, with 46% and 54%, selecting these methods respectively. When it was introduced the idea of having a Pay Stand to pay for their products, 67% **still prefer to pay at the counter** and only 33% would prefer a pay stand. When introducing the concept of Click & Collect as presented in the Online Survey, 76% would prefer the traditional method of payment, showing a clear disinterest in this new technological solution. Galp's current customers were also introduced a new Subscription service – a service through which customers would pay a monthly fee and have their breakfast ready at a selected schedule, several times per month –, 67% answered negatively to the usage of this service mainly to the lack of interest (36%) and also to the frequency that they go to the store (28%).

Regarding Customer Experience inside the store, it was showcased the idea of a separate the cafeteria area and the rest of the store, to investigate if this would benefit customers. **63% would prefer a separate dining area** to enjoy their meals or beverages purchased in-store. To deep dive into the understanding of customers' valuation of the lounge and cafeteria area, two more questions were addressed. Firstly, what were the top-of-mind words that would come up when thinking about the **lounge area**. The main words were **Comfort** (35%) and **Cafeteria** (23%). Lastly, people were presented with the categories Comfort, Cafeteria, Leisure, Workspace and Break Space to rate how the Galp's new concept rated in those. The answers can be read in table below (Table 3). Again comfort and food are the attributes that stand-out.

Table 3 - Score of each criteria presented to Galp's Customers

	Comfort	Cafeteria	Leisure	Workspace	Break Space
Frequency of 8 + 9 + 10	50	48	34	17	35
Percentage of 8 + 9 + 10	83%	80%	57%	28%	58%

6.4 Hypothesis Validation

In this subchapter, the Hypothesis created in sub-chapter 6.2 are corroborated based on the validation tools presented and rationale described for each of them – Table 4.

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Table 4 - Hypotheses Validation Issue Tree

Issue	Sub Issue	Hypothesis	Validation	Rationale
1. Assortment	1.1. Should Galp focus on already packed meals?	Yes. Customers want quality food	Validated	Quantitative researches show that C-Stores customer's rank highly those types of meals. It comes as the number two option for most customers.
	1.2. Should Galp target the Vegan and Healthy market?	Yes. Customers are keen on Vegan and Healthy options	Partially Validated	Even though there's a clear trend and increase in Vegan products, it doesn't represent a clear opportunity for Galp to invest. On the other, Healthy products show clear signs of an important category for the future. They value more a Healthy product than a Vegan product.
	1.3. Should Galp focus on freshly made meals?	Yes. Customers value freshly made meals	Validated	The results obtained in Quantitative researches show this solution as the most valued by customers and they want it to be implemented in future C-Stores.
	1.4. Should Galp change its cafeteria products assortment in-store?	Yes. When shopping, customers are not satisfied with the existing offer.	Validated	Quantitative research results signal a need for change in product assortment in store.
2. Tech and CX	2.1. Should Galp implement Self-Checkout in its stores?	Yes. Customers want the most efficient and queue-free experience	Validated	Younger generations of customers (such as Maria) prefer more autonomous and technologically advanced solutions to improve efficiency when shopping in-store. Also, National and International players are implementing those solutions.
	2. 2. Should Galp focus their efforts in improving the app, especially for C-Stores?	Yes. Customers trends indicate that they want digital and personalized experiences	Validated	Based on research, Gas Stations apps aren't being used and customers want to see those improved to provide a better experience inside and outside the store.
	2.3. Should Galp develop a subscription plan for their regular customers?	Yes. Customers want to a regular relationship with the service	Not Validated	Hub Questionnaires helped understand the lack of interest and opportunity if implementing this solution. Most Galp's customers prefer to select their own products when purchasing them.
	2.4. Should Galp further develop Click & Collect service?	Yes. Digital transformation is a crucial factor	Not Validated	When presented with other services, Customers seemed to disregard these services, showcasing the weak opportunity. In terms of the team's research,

				there were two clear winners of all the services
	2.5. Should Galp, in these new stores, introduce pay stands to improve efficiency?	Yes. Nowadays, customers tend to rely on a technological journey	Validated	Industry trends, consumer trends and quantitative study results indicate consumers value these types of solutions.
	2.6. Should Galp further develop Grab & Go service?	Yes. Customer trends show a indicate a preference for this solution	Not Validated	Grab & Go was not observed as a favorite to any relevant customer segment
	2.7. Should Galp invest in its store environment?	Yes. International players are shifting their focus on improved stores for customer's enjoyment	Validated	The information gathered show that an improved lounge is highly valued by customers
3. Brand	3.1. Should Galp develop a new sub brand detached from its main brand?	Yes. Galp's brand is too related with fuel	Not Validated	Research shows a lack of interest in a new sub brand from Galp's part, however people stated they would be more willing to consume in a store with a partnership between Galp and a well-known Café/Pastry shop.
	3.2. Should Galp develop partnerships with already established brands?	Yes. Galp's brand is too related with fuel	Validated	
	3.3. Should Galp try to dissociate with their brand due to its brand contamination?	Yes. Galp has a history associated with fuel	Validated	Research helped the team understand customer's perceptions about the brand and what they think about Galp, mainly attached to Gas and Fuel.
	3.4. Should Galp create separate areas for fuel and cafeteria?	Yes. Having a clear distinction could improve customer's enjoyment in-store	Validated	Consumers feel that by separating those areas, there will be a clearer distinction and dissociation in customers minds of leisure and others

6.5 Personas

Personas were created to support the team to understand, describe and clarify the user's patterns of behavior and goals. Designers can guide design decisions, evaluate design ideas and drive scenarios based on personas. These will be generally composed of a text and an image describing a user model, as the team in the research. For some researchers, personas might represent one unique user whereas others will create personas by aggregating different people and mixing their characteristics into one persona. Field research should be the basis of persona generation given that without it, the generated personas might lose credibility. It is however important to note that, designers' assumptions, experiences and other elements can also be added in order to add robustness and better shape the persona's identity. Within a design process, personas can be created in different phases. They can be generated after a user study, or even after the design idea is developed. In fact, they are constantly being updated and refined before being completed. It is dynamic and keeps a constant interaction with the design process (Chang, Lim e Stolterman 2008).

Aligned with Galp's team members, **six personas** were identified as relevant for the project, through robust data inputs. The number of personas was distributed based on the Portuguese population and its age distribution (INE 2022). One persona was attributed to the age range of 18 and 25, another one was attributed to the age range of 26 and 40, two personas were attributed to the range of 41 and 55 and, lastly, the remaining two personas were attributed to the age above 55. The software SPSS was utilized to create clusters that would ultimately, create those Personas based on different filters and criteria. The criteria, defined in co-creation with Galp's team, and included the **age**, **gender**, and **area of residence** of the individuals, as well as the **frequency** with which they would frequent a Gas Station C-Store, what **need** were these people go to satisfy there and in what **store location**. On top of that, personas were segmented based on **assortment and payment method preferences**.

All Personas, excluding Persona 4, are direct results from the SPSS system. Persona 4 is composed by three different clusters from the system. The decision to condense these profiles in one single persona was taken together with Galp's team, due to the similarity between those clusters. It is possible to see a synthesis of the information in the table below – Table 5.

Table 5 - Personas criteria description

	Persona 1	**Persona 2**	**Persona 3**	**Persona 4**	**Persona 5**	**Persona 6**
Age	Between 18 and 25	Between 26 and 40	Between 41 and 55	Between 41 and 55	Over 55	Over 55
Gender	Female	Male	Female	Female	Male	Male
Area	Great Lisbon	Great Lisbon	Great Lisbon	Great Lisbon	Great Lisbon	Great Lisbon
Motive	Not planned	Not planned	Commuting	Not planned	Not planned	Commuting

Frequency	Less than one time per month	One time per week	One time per week	Less than one time per month	One time per week	Never
Need	Pump gas	Pump gas	Pump gas	Pump gas	Pump gas	Pump gas
Store Location	Urban areas	Urban areas	Local	Urban areas/ Local	Urban areas	None
Favorite product	Freshly made meals	Breakfast menu	Takeaway meals	Freshly made meals	Freshly made meals	Freshly made meals
Favorite payment method	Self-Checkout	Grab & Go	Pay in counter	Pay in counter	Pay in counter	Pay in counter
n	210	84	65	302	26	25
%	29%	12%	9%	42%	4%	4%

To further empathize with each Persona, a Customer Empathy Map was developed for each one to better understand their fears, anxieties, and their needs and aspirations.

Persona 1 was described as "Maria", a female Persona with 23 years old. The main motive to go to a Gas Station is to put fuel in her car. She rarely goes to a Gas Station C-Store and when she does, is a spontaneous visit to an Urban area type of store. With respect to her favorite food category, she values Freshly cooked meals, and her preferred payment method is Self-Checkout (Appendix 25). Maria's main pain is to decide what to cook for dinner, every single day. The main gain in her life is to be fit and healthy.

Maria is a student rushing between the gym, the library, and her friends. She needs accessible freshly prepared meals, available to takeaway, so she can have the time to exercise, study and still hangout with friends. Maria is not aware of Galp's meal offering, she never saw it advertised on social media, nor heard her friends talking about it. She always prefers to go to places with a trendy brand, so she can share it on Instagram. However, regardless the brand, waiting lines or available discounts are a decisive criterion when she is considering buying a product. While paying for her order, she would prefer to do it through a faster method than going to the counter. She will notice if a Galp store is not clean enough, and even if she is happy with her journey, she will not bother recommending Galp store's as she gets no reward from it.

Persona 2 was developed as "Mário", a male Persona with 34 years old. The main motive to go to a Gas Station is to put fuel in his car. He goes to a Gas Station C-Store every week in spontaneous visits to an Urban area type of store. With respect to his favorite food category, he values Breakfast menus and his preferred payment method is Grab & Go (Appendix 25). Mário's main gain in life is to live efficiently while his main pain is to be stuck in traffic.

Mário is a manager, an entrepreneur, and a father. He needs to be able to grab his breakfast and go to work, so he can have an efficient rest of the day and dedicate himself one hundred percent to each one of his commitments. He is unaware of Galp's breakfast menu, it is mainly advertised in-store but every time Mário goes to the C-Store he is focused on paying the fuel and get back on track as soon as possible, keeping his eyes on his phone to read emails. For him waiting lines can become a deal breaker. He would also like a more efficient payment method, and not having to go to the counter. On top of it, it is very important for him that the order is ready in a sort time. If he likes the experience, he is happy to comment with a friend that Galp provides a good solution, but he is motivated to keep on doing it.

Persona 3 was characterized as "Filipa", a female Persona with 41 years old. The main motive to go to a Gas Station is to put fuel in her car. She goes to a Gas Station C-Store on a weekly basis when going to work or coming back home in a Neighborhood type of store. With respect to her favorite food category, she values Takeaways meals, and her preferred payment method is the traditional payment method (at the counter) (Appendix 28). Her main pain in everyday life is to plan her family's weakly meals, every weak.

Filipa is a loving mother and a very busy lawyer. She needs ready-made meals available to take away, so she can work until dinner time and then enjoy a good time with her family. Although she goes weakly to a Gas Station, she is unaware of Galp's innovations in food solutions. Anyway, it does not have many meal options still. Moreover, Filipa considers the length of waiting line when considering purchasing something and she will hope to get her order in a reasonable amount of time. Filipa will comment to her mother and sisters if Galp is a good solution or not, but she will not be motivated to share the review at work.

Persona 4 was identified as “Teresa”, a female Persona with 55 years old. The main motive to go to a Gas Station is to put fuel in her car. She rarely goes to a Gas Station C-Store and when she does, spontaneously visits to Neighborhood and Urban area types of stores. With respect to his favorite food category, she values freshly cooked meals, and her preferred payment method is to pay at the counter (Appendix 28). This persona is the result of three different personas resulting from the SPSS clusters. Due to the similarity of preferences across the three, the team in accordance with Galp’s steering committee decided to merge them. Overall, Teresa represents, whose main gain is to feel valued, and the main pain is aging.

Teresa is an administrative assistant, approaching retirement, and her sons are independent young adults. She has seen the rebranding of the Galp C-Store near her house, and also noticed cafeteria products look more appealing. However, she never sees a supplement about that and often forgets to even consider it as a place to go have a meal. Anyway, she does not find at Galp the freshly cooked meals she was hoping for. Nonetheless, she is happy with the purchasing process and likes the quality of the food. She will comment her experience with family, friends, and colleagues.

Persona 5 was described as “António”, a male Persona with 57 years old. The main motive to go to a Gas Station is to put fuel in his car. He never goes to a Gas Station C-Store and when he does, he doesn’t have any preference. Regarding his favorite food category, he values Freshly cooked meals, and his preferred payment method is at the counter (Appendix 29). António’s main gain is to be successful in his career, while the main pain he faces is the need to travel all the time.

António is a very successful businessman who is used to have premium experiences. He needs freshly cooked meals, with high quality, so he can keep his standards while not having to waste time on meal planning. António is completely unaware of Galp's C-Store product assortment. He perceives the food quality as bad and hates waiting lines. António never consumed at a Gas Station C-Store and does not intend to it.

Persona 6 was identified as "Fernando", a male Persona with 68 years old. The main motive to go to a Gas Station is to put fuel in his car. He rarely goes to a Gas Station C-Store and when he does, is a spontaneous visit to an Urban area type of store. With respect to his favorite food category, he values Freshly cooked meals, and her preferred payment method is to pay at the counter (Appendix 29). He's main gain is being with family and his main pain is loneliness.

Fernando is retired and thus he has a lot of spare time. He needs freshly cooked meals because nor him nor his wife has patience to cook only for two. Fernando hears friends talking about Galp as a solution, but he does not fully understand what's there for him. He always had the idea of high prices and low quality concerning to food, in Gas Stations C-Stores. Either way, there is limited offer regarding freshly cooked meals. Fernando likes the products once he tries them and recommends them to his wife.

6.6 Main Conclusions

Following the creation of personas based on the all the insights collected up to this stage of the project, and the validation of Hypothesis in previous sub-chapter, a **Five Step Customer Journey Map** was developed in order to narrow and better tailor the possible recommendations to boost Galp's C-Stores. This Customer Journey Map was described through different stages, which include: Awareness, Consideration, Purchase, Onboarding, and Advocacy. For each stage, user actions, touchpoints, emotions, pain points and possible solutions were identified. This exercise was carried for all six personas, "Maria" (Appendix 30), "Mário" (Appendix 31), "Filipa" (Appendix 32), "Teresa" (Appendix 33), "António" (Appendix 34) and "Fernando" (Appendix 35). The pain points identified per persona can be visualized in Table 6 below:

Table 6 - Pain Point per Persona

Pain Points	Maria	Mário	Filipa	Teresa	António	Fernando
1. No clear understanding of the concept and product assortment	✓	✓	✓	✓	✓	✓
2. No easy access to discounts	✓	✓				
3. No available ready-made meals	✓			✓		✓
4. Not a well-known brand	✓	✓				
5. Waiting lines	✓	✓	✓	✓	✓	
6. Slow payment method	✓	✓				
7. Traffic hours are too busy	✓					
8. Lack of cleanliness	✓					
9. No rewards for sharing experience	✓	✓	✓			
10. Limited offer in takeaway meals			✓	✓		
11. Perceived waiting lines					✓	
12. Perceived high price						✓
13. Perceived bad quality					✓	✓

It is observable that having no clear understanding of the Galp's new C-Store concept and the aversion to waiting lines are the most common pain points, across all personas. These indicates **room for improvement in CX**, particularly regarding awareness, consideration, and purchase.

7. Recommendations

7.1 Brainstorm

Again, considering each persona's profile and taking into account the details of their customer journeys, the team brainstormed several solutions which can be seen summarized in the Table 7, below:

Solutions	Maria	Mário	Filipa	Teresa	António	Fernando
1. Advertise the new concept on news	✓	✓	✓	✓	✓	✓
2. Banners outside the store	✓	✓	✓	✓	✓	✓
3. Display discounts on the app	✓	✓	✓			
4. Partnership with a new brand	✓	✓				
5. Sell freshly made meals	✓			✓	✓	✓
6. Self-Checkout	✓	✓				
7. Grab & Go		✓				
8. Promote Takeaway	✓		✓	✓		

9. Ensure cleanliness	✓					
10. Present QR Codes to answer customer satisfaction surveys	✓	✓	✓	✓	✓	
11. Optimize staff's effort allocation		✓	✓			
12. Two separate payment lines					✓	
13. Campaign on food quality and accessibility						✓

7.1 Action Priority Matrix

Taking into consideration all the solutions presented in **Error! Reference source not found.**, an Action Priority Matrix (Morin 2017) was elaborated to select the most important and urgent solutions. This Action Priority Matrix is presented in Appendix 36.

On the first quadrant, the solutions represented have both **high effort and impact**. Within this quadrant there are two presented solutions, these are Solution 4 and Solution 5. As seen in **Error! Reference source not found.**, creating a Partnership with a new brand would have a slightly higher impact. This would happen given that this solution can be considered disruptive in the sense that it would drastically change Galp C-Stores' cafeteria's operations. In this case, the store's food offering would improve in terms of quality perception and variety thus attracting a significantly higher number of clients for consumption. On the other hand, solution 5 would be to start selling freshly made meals which would also require a high level of effort to bring into fruition, due to the needed investments in kitchen upgrades, the supply of daily fresh items and new staff, but it would generate considerable impacts as it would also differentiate Galp's C-Stores offering and allow the company to capture relevant chunks of market share.

The second quadrant is composed of four solutions that involve **low effort** but have a **high impact**. These are the display of discounts on the app, which would be the option that would bring the highest impact, followed by the introduction of Self-Checkout machines; the optimization of staff's effort allocation and, with the least impact of these options comes, the presentation of QR Codes to answer customer satisfaction surveys. These options are very interesting because despite requiring low effort, they would still bring important positive impacts and results. They can be viewed as quick and easy wins.

The third quadrant includes options that require a **low effort** but also **low impact** on the business. The options included in this quadrant are the promotion of takeaway options; advertisement of the new concept on the news; creation of campaigns on food quality and accessibility; the introduction of banners outside the store; ensuring cleanliness in-store; and having two separate payment lines. On the other hand, within the fourth quadrant, the team determined that the least relevant solution, the improvement of the Grab & Go service, would have a low impact but would still require high levels of effort to develop.

Since efforts must be focused on implementing the most impactful solutions, only the solutions in the first and second quadrants were considered. Firstly, a **partnership with a well-known Brand** would give customers a product quality stamp and change the customer's perceptions of cafeteria food in C-Stores (Solution 4). Secondly, most customers are looking for **freshly made food** therefore, introducing this new concept would retain existing customers and broaden new segments of customers (Solution 5). Thirdly, a **Self-Checkout** mechanism would improve waiting in lines, reduce tasks performed by employees that don't add value and attract younger customers (Solutions 6 and 11). Lastly, the development of Galp's own app, **Mundo Galp**, provides a better experience inside and outside the store (Solutions 3 and 10).

7.2 Recommendations

Regarding the recommendations, a framework was used to help the team to develop a structured approach to bridge the gap between ideas and practice. The team started by stating the recommendation (1) and proceeded to explain the rationale that supports the recommendation's relevance (2). Later, the team assessed the ideas' possible benefits (3) and risks (4) and explained how this idea could come to life and upon which conditions (5). Finally, a general roadmap for future action regarding the specific recommendation was prepared (6).

7.2.1 Partnership with a well-known Cafeteria Brand

Reasoning

After conducting research, both online surveys as well as in-person questionnaires within Galp's new Hub C-Stores, the team found that most consumers have consumed food in a Gas Station C-Store, at least once. In fact, according to online surveys, 84% of customers have done so. For the 16% that have not done it, the main reasons for not doing it would be high prices and low quality. Regarding pricing, despite surveyed customers stating that it was a concern, when looking at customers from the Hub questionnaires, 5% actually present Galp's food fair prices as a plus. Given this information, and in order to increase Galp's cafeteria food quality, two options were explored: creating a partnership with an already known brand or creating a sub-brand for Galp. Results showed that 81% of customers preferred the partnership idea and, in a range from 0-10, 25% evaluated this idea between 8-10. Therefore, the team is confident that these results reflect the potential of this idea. This recommendation lies on a **partnership between Galp and a well-known cafeteria**. The team suggests this idea to be first implemented as a pilot test at Telheiras C-Store, given that it is one of Galp's most successful new concept hubs, and further analyze a nationwide possibility. It is expected that not only Cafeteria & Bakery revenues grow, but also indulgence purchases, e.g., a customer goes to the store to buy a *pastel de nata*, and ends-up buying three more items.

Possible benefits

Regarding this specific recommendation, and assuming Galp can partner with a well-established and recognized brand, the main benefits would arise from the **quality stamp** of being associated with a strong brand in the food business; the **customer acquisition** that would happen from having customers of the partner coming into Galp's Gas Stations as an alternative; the **economies of learning** that could come with an experienced pastry and cafeteria player; and finally, significant **growth in revenues** given that it would be reasonable to believe that

Galp would be able to increase its customer base. The team developed further the rational behind a possible revenue growth, in the "Estimated Impact" section.

<u>Possible risks</u>

The main risks associated with bringing this idea to life would be the lack of interest from the partner due to the **possible brand contamination** from being associated with a company whose main business still is energy and oil & gas, among other activities; the possibility of having **low-profit margins**, that would depend on the bargaining power of our suppliers, there's also approach in the "Estimated Impact" section; and the responsibility of having to **manage a new stake**holder in the company's operations, which would have an impact on Galp's C-Store operations control as they would be relying on an external party to provide an important part of their food offering.

<u>In practice</u>

The proposed business model would work based on **reselling** a certain amount of products in which Galp's C-Stores would work with a cafeteria brand. In other words, Galp would be selling the products from that bakery at their current recommend retail price. In return, Galp would receive a percentage from sales, negotiated with the partner in question. Although Galps' margins per product would be smaller, the main purpose is the overall profit. It is also relevant to point out that there would be changes in the store's layout in order to bring this idea into reality.

<u>Roadmap</u>

The steps to be taken regarding this idea would be to study the potential nationwide cafeteria **partners**, among which the team believes regional partners are interesting candidates given the brand's awareness in that region; then Galp should assess the idea's **feasibility** in terms of understanding what would have to change in terms of store layout and human resources. Both Galp and the partner should then **negotiate** the partnership terms and conditions, especially in terms of day-to-day operational dynamics and state what margins would work for both parties, and finally, both companies should advertise and promote the idea across channels and continuously review performance indicators in order to understand what can be improved.

7.2.2 Investment in freshly cooked meals

Reasoning

From the survey and Hub questionnaire results gathered, it was possible to conclude that, in regard to the new C-Store concept, customers are most looking forward to freshly cooked meals. In fact, 36% of survey respondents choose this option as their preferred category to introduce in the new concept, and it surpassed the breakfast menu, takeaway meals and healthy product options.

In order to tackle this issue, the team recommends that Galp creates a **corner where customers can choose their ingredients for cold meals**, such as pasta or salads, with the products available, and will be done in that moment.

Possible benefits

By putting this idea into practice, multiple benefits would arise. Firstly, Galp would have a vastly **differentiated** offering which would allow the company to increase its C-Store segment market share by possibly bringing clients from their main rivals due to low industry switching costs for clients and a better product variety and offering. Moreover, this idea would further emphasize and **strengthen the concept of convenience in-store** as customers would be able not only purchase from the wide variety of product categories they are already used to, but they would also be able to purchase a freshly made quality meal that would be quickly prepared and takeaway one of many customers' pain points which is not having time to cook. Also, this new food concept would allow the brand to diversify its offering thus increasing its **link with**

non-fuel activity and making customers “Think outside their car”, as Galp’s new advertisement goes (Galp s.d.).

Possible risks

The risks associated with this new idea would be mainly regarding **required investments**. In order to advance with this specific project, firstly, Galp’s C-Stores would need a specific area in the front end of the store to install kitchen equipment for the meals to be prepared in. There would also be costs related with **store layout**, in order to make this new component of the store aesthetic and in synchronization with the rest of the store’s look. Moreover, there would be the need to hire further **human resources** to cook. All of these would need some degree of financial commitment, which is always a risk.

Roadmap

The next steps regarding this recommendation would have to start by conducting a **tailored survey** of clients in order to access if they would in fact like this idea and what would type of food they would prefer, such as pasta, salads or even other options. The next step would be to gather with **architects** in order to see what the costs would entail changing the store’s layout and introducing a food stand. Then, it would be necessary to research which **equipment** would be necessary, and its respective costs, and understand if Galp already has **suppliers** that are able to fill the gap in terms of necessary equipment and installation processes or if they would need to get in contact with new appliance suppliers. Finally, the last step would be to hire **human resources** to cook and finally **promote** the project across several channels.

7.2.3 Introduction of Self-Checkout

Reasoning

As mentioned throughout this dissertation, convenience is a concept that refers to accessing a product or service with minimal effort. Moreover, in a fast-paced world, people are having less time for themselves, and now quick and efficient service is very valued amongst customers, due to the ability to deliver without wasting valuable time. By introducing a Self-Checkout pay stand, customers would not need to spend time in waiting lines for the cashier. This experience is completely staff-independent, in order to save customers time and add convenience to their daily checking out from a store routine. From the survey, it was possible to conclude that 29% of customers selected Self-checkout as their preferred payment method. Also, the results show that this is the favorite payment method among the 18-40 age group. Therefore, there's a belief that a Self-Checkout will surely bring convenience to these people's day to day by saving them precious time. Our suggestion is for Galp to first **introduce a Self-Checkout Pay Stand** in their Galp store at Gare do Oriente since it is a Test Store and because the store has long waiting lines throughout the day.

Possible Benefits

If Galp chooses to pursue this recommendation, it can take advantage of several possible benefits such as **time efficiency** for customers, an increase in **human resources efficiency**, and lower personal costs. By adding a Self-Checkout Pay Stand, customers will be able to proceed to checkout in a faster way, without having to stay in waiting lines for the cashiers. This will be an extra payment method, whereas customers can choose the better option when checking out. Also, by adding a Pay Stand, waiting lines in the cashiers would expect to decrease, and therefore, managers re-allocate staff to tasks that add value to customers such as re-stocking or preparing fresh meals. Moreover, by increasing the efficiency of the staff's task allocation, Galp will experience a decrease in personal costs, as the staff can perform more tasks on the same schedule.

Possible Risks

The team has found multiple risks that Galp may face while implementing this recommendation. The most relevant risk would be the high required **initial investment**, followed by **maintenance costs**, the possibility of an increase in **theft** at their stores and less space in-store due to the pay stands occupation. Followed by maintenance costs that should be accounted for at least one time per semester. When allowing people to Self-Checkout, the possibility of theft increases. Therefore, the team suggested that the equipment should be implemented in Gare do Oriente, not only because it is a Test Store, but also because of the presence of a security guard in the store, overlooking anything that happens inside. Moreover, Galp will have to do a small re-design of their **store layout** in order to create space for this pay stand. This kind of equipment should be positioned close to an exit and a staff member and security guard should always be close to this exit, in order to prevent the risk of theft.

In Practice

The team recommends that the Self-checkout machines should be implemented as a **pilot test** in the Gare do Oriente Store, due to the long waiting lines that the store has throughout the day as well as the presence of a security guard, which eliminates the need to hire one exclusively to this step. A staff member would be close and available to guide customers to try the Self-Checkout as well as explain to them how it works and how customers can save time by pursuing this payment method. Customers will scan their chosen product code bar, use any promotion and discount available at that time, and then pay. If Galp chooses to implement this recommendation, then a rethink of some products' relevance is extremely important, in order to create space for this pay stand, and try to minimize the cut in product assortment.

Roadmap

The implementation roadmap includes 4 key next steps. First, Galp should study the **store layout** to understand which products are not creating revenues and can be moved in order to create space for the pay stand. Second, Galp should do in-depth research on different **technology suppliers** and their respective offerings. Third, once chosen the right technology and suppliers, Galp should **negotiate** terms and conditions, such as investment and maintenance costs, and the possibility of partnering with Galp. Lastly, a **continuous performance review** is extremely important in order to understand if the service is helping in improving the store's revenues, if it is solving the main problem of waiting lines and if other risks were not accounted for in the beginning.

7.2.4 Develop Mundo Galp

Reasoning

The digital came to stay, and now, customers value the Phygital experience more and more. Customers do not want a fully digital experience, but the best of both worlds, such as using the app while shopping in-store, that way, they can leave with the products and have the physical experience with the staff but also use the app to help them in daily tasks, such as the coupons. Results from the Surveys performed online and in person at the Hubs say that only 13% of customers use the app, and also suggest that the main reason to not use the app is because of the phone storage. However, the same surveys show that customers really want to see coupons and available discounts on the app. Therefore, our team recommends **developing Mundo Galp**, in order to increase the number of users of Galp's app, and the functionalities to create more convenience for daily issues.

Possible Benefits

Should Galp choose to pursue this suggestion, then customers would face simpler app usage, which would increase, not only the **frequency of usage** as well as the **number of users**. Customers would be able to find targeted discounts and receive the invoice for every purchase in the app. If customers receive the invoice directly on the app, not only Galp saves costs on paper, but also reduces the time of each transaction as the need to wait for the invoice is eliminated. Also, customers will have every invoice in the same place and will be more organized, adding convenience to day-to-day actions. By developing Mundo Galp, **customer satisfaction** is expected to increase due to the elimination of unnecessary items in the app regarding the C-Stores, the creation of value by adding discounts for the C-Stores and receiving the invoices directly on the app, instead of having to keep the paper invoice.

<u>Possible Risks</u>

Some risks related to this solution were found, mainly the risk of customers **not knowing about the new features** and therefore, not using Mundo Galp, as well as, a potential risk of customers not wanting to share private details, fearing **privacy** violation. Therefore, in order to counter the risk of customers not knowing the new features, a marketing strategy should be developed alongside advertisements to spike awareness towards new features as well as letting customers know about how light the app is. Also, cashiers and staff members, at the payment, should let customers know about the new changes, and explain to them the possible benefits that they can take advantage of, if they download the app.

<u>In Practice</u>

Developing Mundo Galp lies on two big pillars: **reducing storage** and adding convenience by **creating new features** relative to C-Stores. Galp should eliminate non-essential features along with compressing images, reusing data templates, and lighting the app as maximum as possible, to reduce the storage, become faster, and therefore, increase the number of users. And then creating new features such as showing available C-Stores discounts and promotions on the app, and sending invoices directly to the app, so customers can view all the purchases in the same place and save some time without having to wait for the paper invoice. By doing this, the number of users, as well as frequency of usage, should increase, and customer satisfaction should improve as well.

<u>Roadmap</u>

For the implementation of this recommendation, the team has designed a 4 steps roadmap. First, Galp should **filter features based on relevance** and eliminate those with less usage/impact on customers' store visits. In other words, study the customer journey of each persona, understand which features have an actual impact throughout the journey, and those who don't, and eliminate them. Second, Galp should **generate new discounts for the C-Stores** and promote them within the app via notifications. This way, customers that have the app, will get the news of which discounts there are in the stores. Third, in order to create a personalized service, track customers' purchase habits and generate **personalized promotions** based on those purchase habits. As seen in customer trends, customers expect personalized service, therefore, customer satisfaction will increase. Lastly, **advertising the new app concept** with the changes, is a critical factor for greater engagement, focusing on continuous improvement.

7.3 Key Performance Indicators

As in any project of strategic nature, performance must be measured in order to assess and monitor the impact and success, or lack of it, of a given initiative. It is crucial for a company to be able to align daily activities with strategic goals so that the company can assure it is traveling in the right direction (Parmenter 2020). KPIs are an extremely useful tool that can help Galp improve customer loyalty and experience as well as collect actionable insights about how each project is impacting the business.

Regarding the first recommendation, creating a partnership with a well-established cafeteria brand, Galp should orient itself based on a few KPIs. One of them would be specific **Sales Targets** (Oracle Netsuite 2022), a measure that would allow the company to compare the expected number of units sold, arising from the partnership, for a given period against the actual number of sales within that same time frame. Another important KPI for monitoring this project would be the **Average Ticket Amount**, both for the Cafeteria & Bakery categories alone, but also the whole Food and Immediate Consumption category. For the investment in freshly cooked meals recommendation, the KPIs would essentially be the same given the similar nature of both projects. The focus would have to be in the Sales Targets for the newly introduced products and a monitorization of the average ticket amount.

Introducing a Self-Checkout machine, as per our third recommendation, would require both usage and maintenance KPIs. The main usage performance indicator to track would be the **Adoption Rate** (GOKCE s.d.) as it would keep track of how many existing customers utilize the new machine. In terms of maintenance, it would be important for Galp to measure the **Unscheduled Down Time** (Go Codes s.d.) which tracks the number of times the machine has a problem. This last KPI would allow the company to evaluate the efficiency of its equipment suppliers. Lastly, the Develop Mundo Galp recommendation should involve a measure of the **Number of App downloads, Retention Rate** (braze 2016)**, Daily Sessions Per Daily Active User** (braze 2016) and also the **Customer Lifetime Value (LTV)** (braze 2016).

A mathematical formula of each KPI can be found on Appendix 37.

8. Estimated Impact

8.1 Introduction

Throughout this chapter, the team **estimated the financial impact of two solutions**, the partnership with a Cafeteria brand and the introduction of Self-Checkout. **Each solution has a Net Present Value** (NPV) evaluation and, the **first solution has a Sensitivity analysis** to assess the different NPVs if two variables have different values. The **timeframe** for the evolution of both projects is **5 years**. Every computation is supported by an Excel file ("support_chapter8.xlsx") to showcase all the assumptions and calculations. A disclaimer must be added, the **values provided by Galp were dummy values**.

8.2 Partnership with a well-known Cafeteria Brand

Some of the calculations were based on a vast array of factors and values that neither the team nor Galp had access to and other values were provided by the company but masked to ensure the upmost confidentiality. In terms of unknown values, the variable **"New average ticket"** is an assumption determined in **accordance with Galp's** team. This value takes into account the store space occupied by those new products, that would reflect sales cannibalization, and the incremental ticket that would occur from any further purchase from the customer (e.g., the purchase of a beverage that would complement the product acquired from the partner company). In relation to known values, **"Current tickets"** and **"Current Sales" were provided by Galp with a multiple attached** to it and take only into consideration Cafeteria and Bakery sales in one of their new concept stores. Moreover, **"Increase number of tickets"** is derived from customers **willingness to go to a partnership** as shown in the **Online Survey**; the **"New gross margin"** is derived from the **average food cost** present in the industry (75%) (Moser 2010) used as benchmark that suffered a decrease (50%) due to the terms of the partnership and only applicable to the new products sold; Risk free rate is based on Germany's 30 years bonds; the tax rate is assumed as being 25%; lastly, **"New sales"** is computed based on the **"Current tickets", "Increase number of tickets"** and **"New average ticket"**. All of those assumptions allowed the team to estimate the project's NPV. **The NPV of this project is €152 576** and further calculations are available in Appendix 38. This NPV value means that **the investment can be considered as favorable** and it can bring a **significant return on investment**.

Moreover, a sensitivity analysis was also conducted as a complementary exercise (Table 7).

Table 7 - Sensitivity Analysis for Recommendation 1

		Δ in ticket numbers				
		15%	20%	**25%**	30%	35%
Δ in average ticket	2,5	€ 73 827	€ 98 436	€ 123 046	€ 147 655	€ 172 264
	2,7	€ 79 734	€ 106 311	€ 132 889	€ 159 467	€ 186 045
	2,9	€ 85 640	€ 114 186	€ 142 733	€ 171 279	€ 199 826
	3,1	€ 91 546	€ 122 061	**€ 152 576**	€ 183 092	€ 213 607
	3,3	€ 97 452	€ 129 936	€ 162 420	€ 194 904	€ 227 388
	3,5	€ 103 358	€ 137 811	€ 172 264	€ 206 717	€ 241 169

The **sensitivity analysis** allows us to **corroborate and validate the strength of this project** as it verifies that the NPV will still be positive if the increase in ticket numbers is 15%, lower than the initially assumed 25%, and increase in average ticket of 2,5€, lower than 3,1€. **The team is**, therefore, **confident in the potential of adopting this idea** should Galp go through with it.

8.3 Introduction of Self-Checkout

As the first recommendation, the team had no access to relevant financial information regarding CAPEX, maintenance costs, gross margin, and cannibalization, and therefore, the numbers in this estimation are based on assumptions.

The recommendation of this pilot test should be implemented in *Gare do Oriente* Store, and accordingly, the current sales used were from that specific store. For the initial investment (CAPEX) of one machine, the cost estimated was 15 000€, depreciating in 10 years through Straight Line Depreciation, with a 1 500€ maintenance cost per year. It was assumed that sales would increase by 7% due to this option of Self-Checkout. Moreover, with the existence of the Self-checkout, the store could suffer from sales cannibalization, and therefore, 2% were reduced from possible new sales. The Gross Margin accounted in this exercise is 50% due to the fact that there are certain products that cannot be sold through Self-Checkout, e.g., tobacco. The Galp team provided us with the appropriate WACC for C-Stores, which was useful to calculate the Discounted Cash-Flows and consequently the NPV. It is possible to have a closer look at the analysis done in Appendix 39. As stated, if Galp chooses to pursue this pilot test, the NPV of the project in 5 years' time is €105 858, assuming the implementation starts in 2023. For this reason, the team strongly advises Galp to implement the pilot test and analyze future stores to implement the same solution.

9. Limitations and Risks

The last chapter presents the main limitations faced throughout the project, along with risks and further research that can be conducted in complement to the analysis that has been done.

The first limitation regards the project scope. Convenience stores within fuel stations have a wide array of products and services available for purchase and that influence the strategy of the parent entity. Given this condition, and as Galp's main business is traditionally related to fuel, in the first stages of the project the team had to take time to adjust and properly grasp the concept of convenience stores within gas stations.

Within the diagnosis phase of the project, more specifically in the construction of the benchmark of Galp's competitors, a second limitation was found regarding the depth with which the team could study international players, both gas stations and destination sites such as 7-Eleven, Pret a Manger and Esso. In other words, for national players, site visits were a strong complement to the public information available online and it was from this mixing of sources that the benchmark gained shape. For international players, however, except for Circle K, Shell and Total, desktop research was the main source for the benchmark.

In the analysis phase, another limitation was found. For the quantitative analysis, both in the Hub questionnaires and online surveys, the sample sizes were small, with 60 answers for the Hub questionnaires and 712 for the surveys. These numbers, despite serving as the base for analysis and recommendations, represent a very small portion of fuel station convenience store clients in Portugal.

Regarding the formulation of strategic recommendations and assessment of their respective estimated impacts, a few limitations arose. When estimating the NPV of the first recommendation we faced a clear limitation regarding the availability of financial public information, both from Galp and any Cafeteria brand.

Upon the first recommendation, for Galp to partner with a national know-how and established pastry player, the estimated impact depends heavily on the other player's willingness to adopt the partnership idea, thus results might change according to if they are interested in having a physical space within Galp's C-Stores and what margins they seek in order to go through with the idea. Most importantly, the lack of available financial information posed a barrier for us to develop the estimated impacts of introducing freshly made foods in-store and developing Mundo Galp app recommendations.

Given the limitations that arose throughout the project, further research should be conducted to validate the proposed recommendations. Such research must be conducted with more accurate information on benefits and costs associated with the recommended initiatives.

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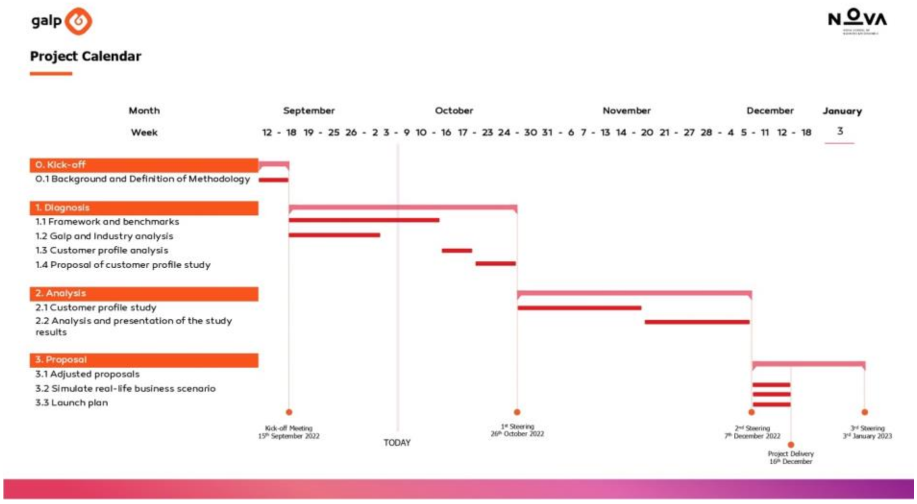
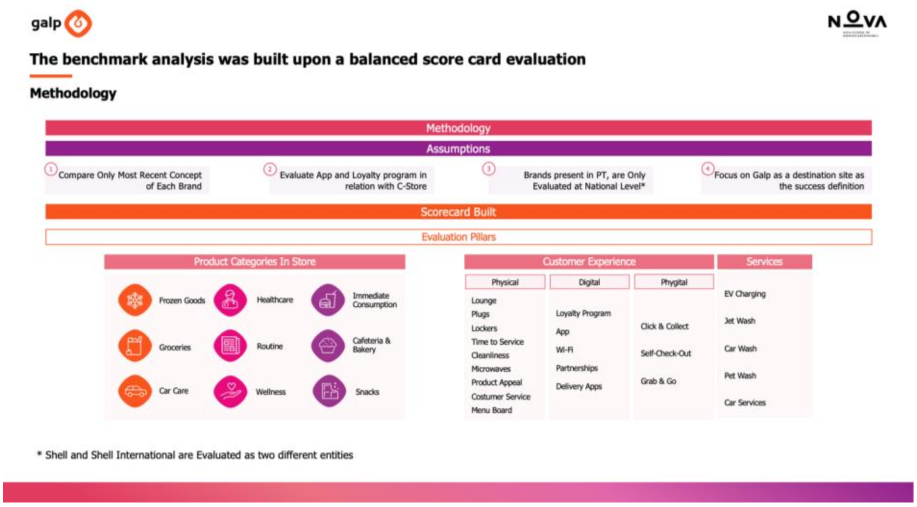
11. Appendix

Appendix 1 - Calendar Gantt Chart



Appendix 2 - Balance Scorecard Methodology

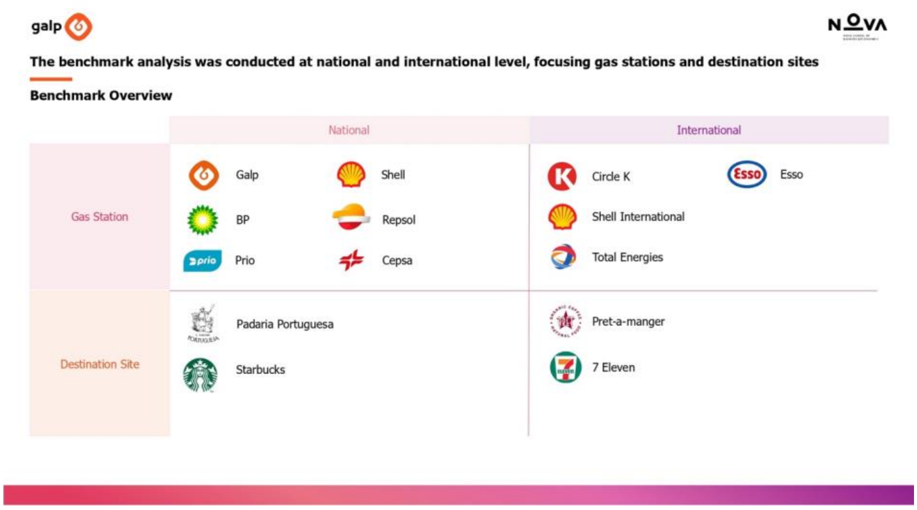


Appendix 3 - Balance Scorecard ratings

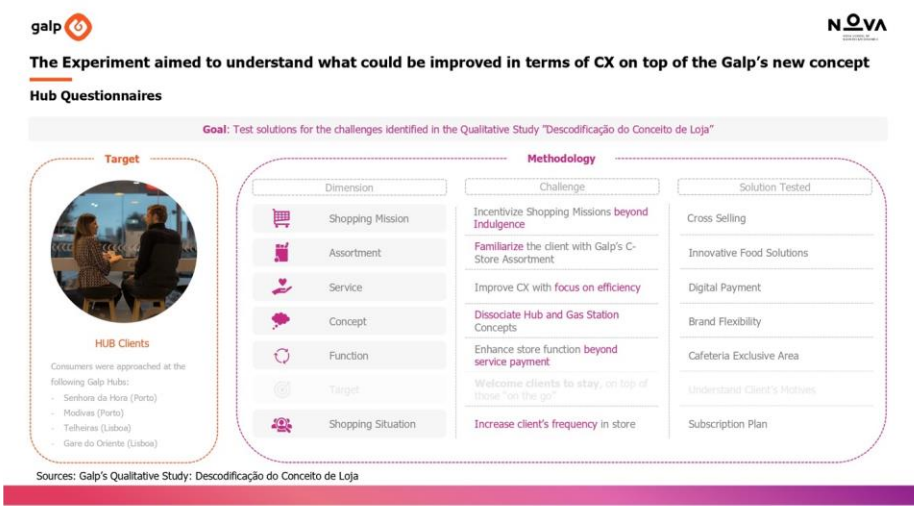
	Subcategory	0 – Inexistent offer	1 – Residual efforts	2 – Underdeveloped	3 – Regular	4 – Stand Out	5 – No Room for Improvement
Products	Food/ Immediate Consumption	There's no present offering	Very few products available with low quality	Efforts in having a presence in variety and quality	Decent variety of products with average quality	Wide variety (such as juices or even full meals) and strong quality associated	Best in class, there's no way to improve this specific category
	Daily Essentials	There's no present offering	Covers the demand for exceptional needs	Reliable store but without many variety	Has a few standout shelves of essentials	Close proximity to a supermarket concept	Best in class, there's no way to improve this specific category
	Routine	There's no present offering	Basic products available	Focus on categories with highest turnover and demand	Has a variety that fits customers' routine demand	Has as an almost complete offering for customers' routine demand	Best in class, there's no way to improve this specific category
	Car Care	There's no present offering	Has minimal variety to satisfy exceptional needs	Has minimal variety	Decent variety of car care products and a few extras	Wide variety of car care products and extras in-display	Best in class, there's no way to improve this specific category
Customer Experience	Physical	There's no present offering	Uninteresting in-store experience	Minimal effort towards having an enhanced in-store experience	Seamless experience in-store	Seamless, comfortable and appealing experience in-store	The CX is at its peak
	Digital	There's no present offering	They might be interested but have not tested yet	Companies are trying to implement without success	Has digital services available but not fully optimized	Has digital services available and highly optimized	The Digital is at its peak, they are the best in their class or there's no way to improve digital experience
	Phygital	There's no present offering	They might be interested but have not tested yet	Companies are trying to implement without success	Has services available but not fully optimized	Has services available and highly optimized	No room for improvement in their Phygital experience

Services	Services	There's no present offering	-	-	-	Has services available	-

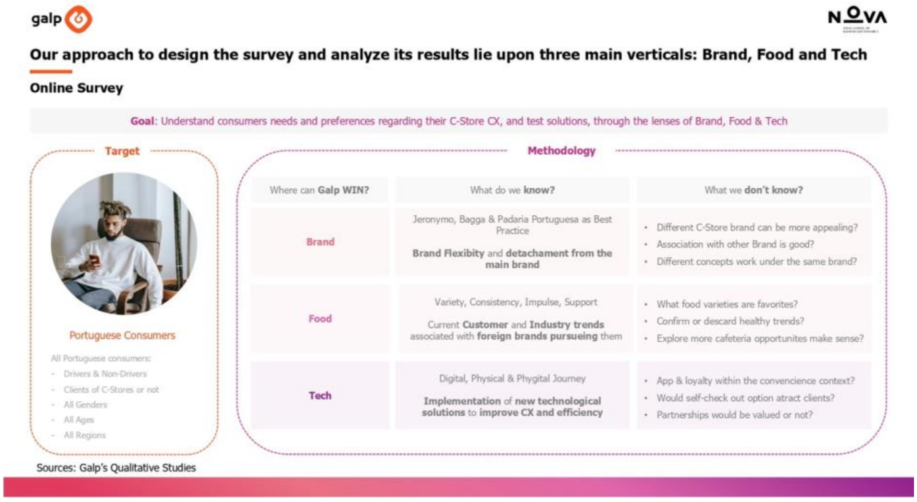
Appendix 4 - Players Analyzed



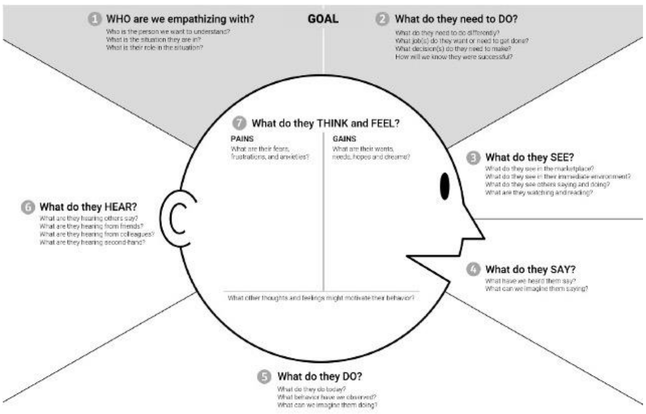
Appendix 5 - Hub Questionnaires Methodology



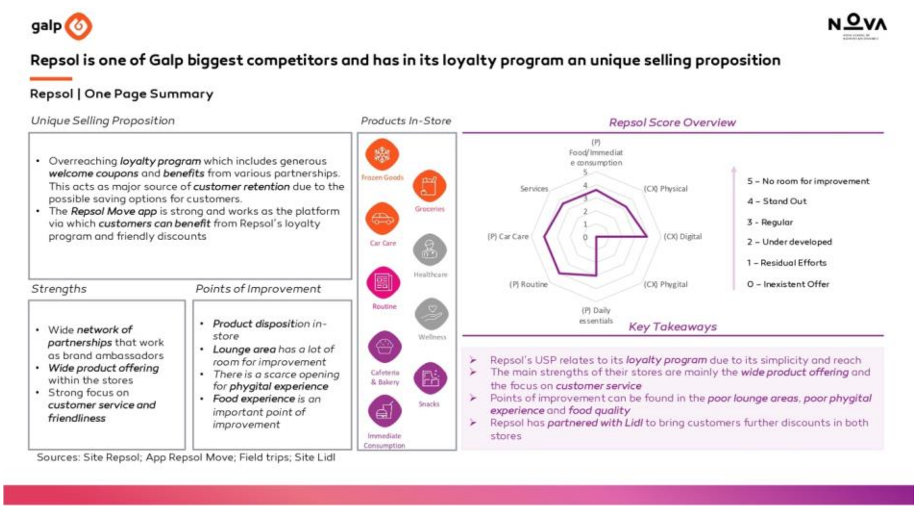
Appendix 6 - Online Survey Methodology



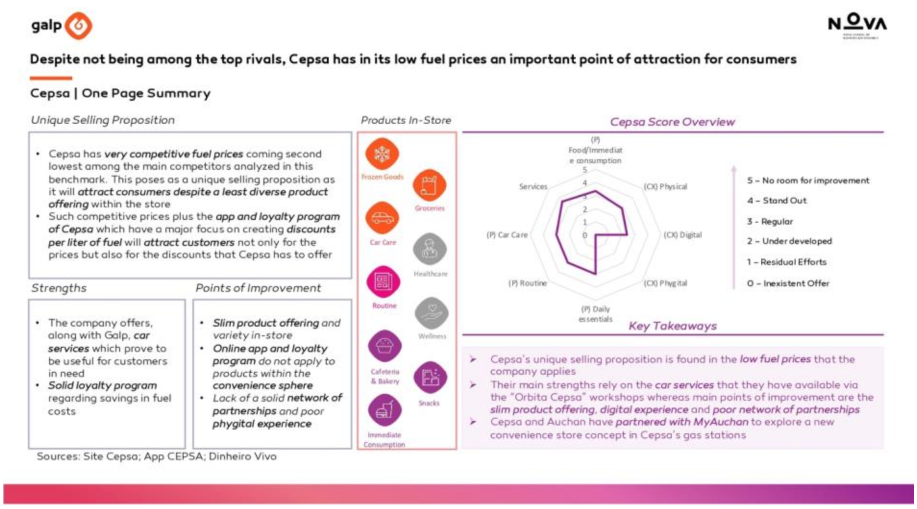
Appendix 7 - Customer Empathy Map



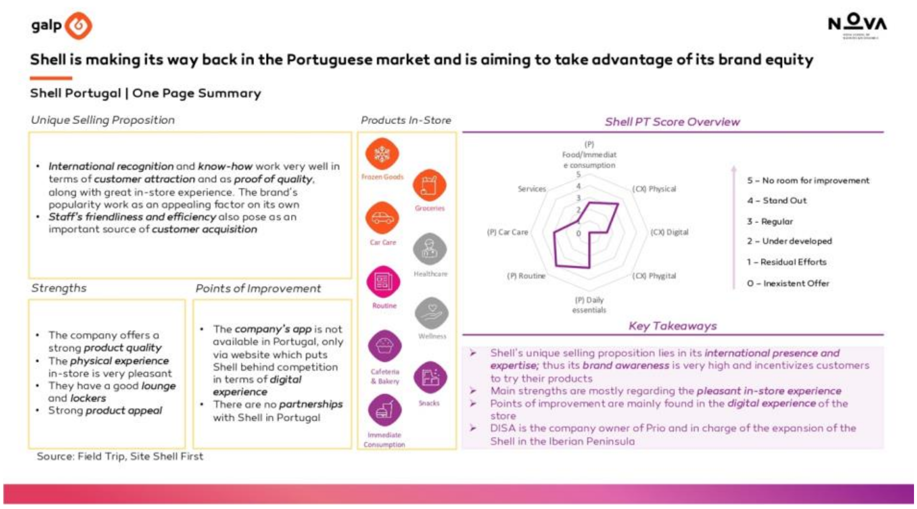
Appendix 8 - Repsol's One Page Summary



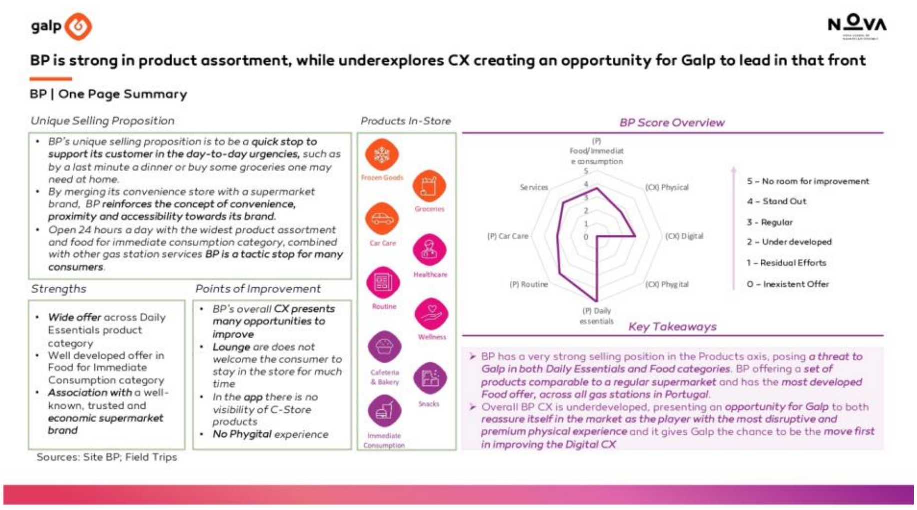
Appendix 9 - Cepsa's One Page Summary



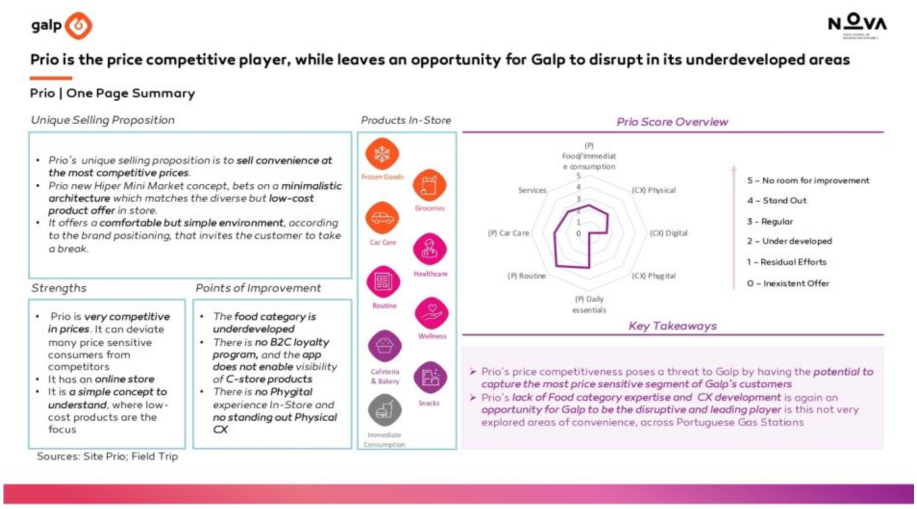
Appendix 10 - Shell's One Page Summary



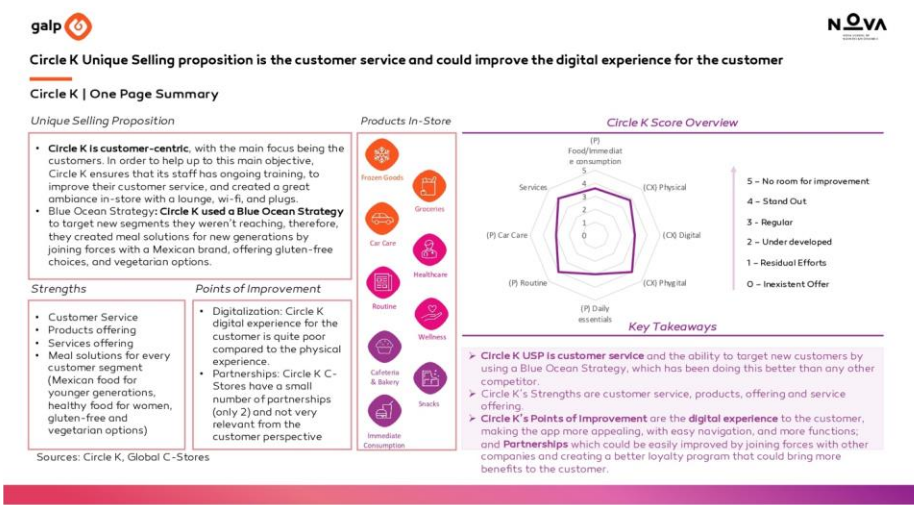
Appendix 11 - BP's One Page Summary



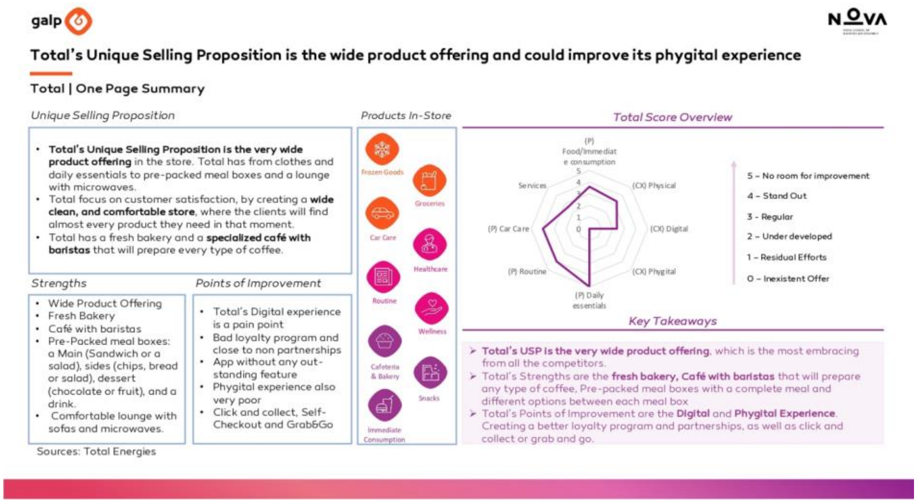
Appendix 12 - Prio's One Page Summary



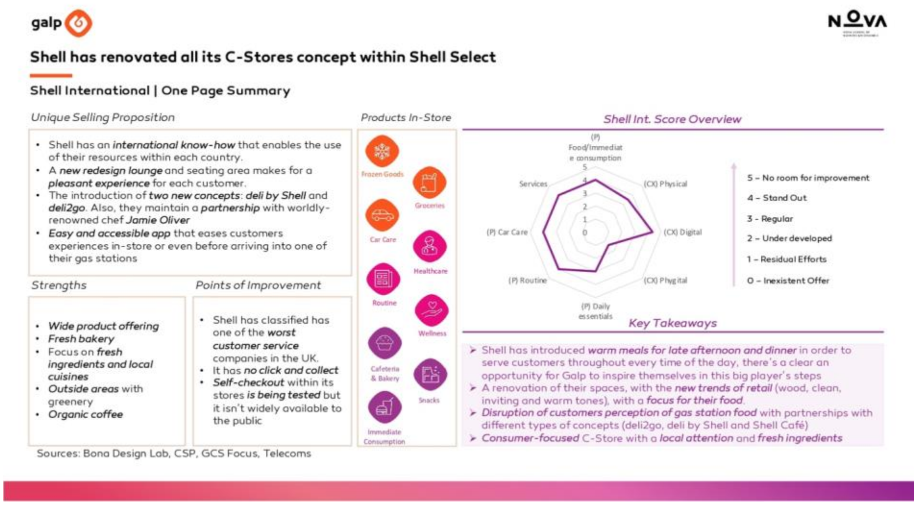
Appendix 13 - Circle K's One Page Summary



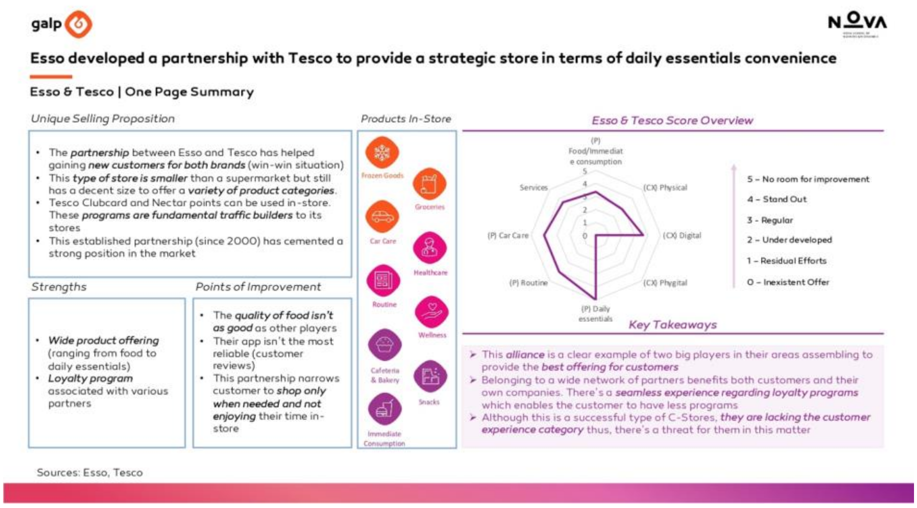
Appendix 14 - Total's One Page Summary



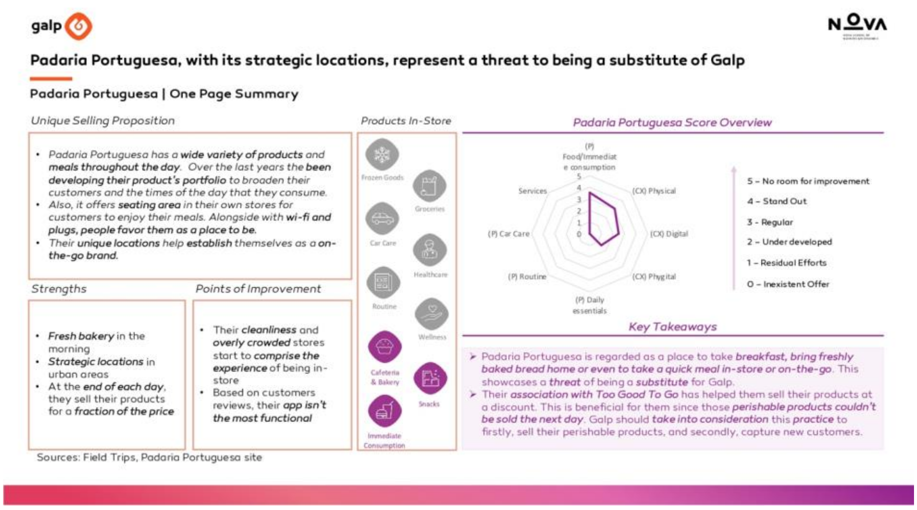
Appendix 15 - Shell's International One Page Summary



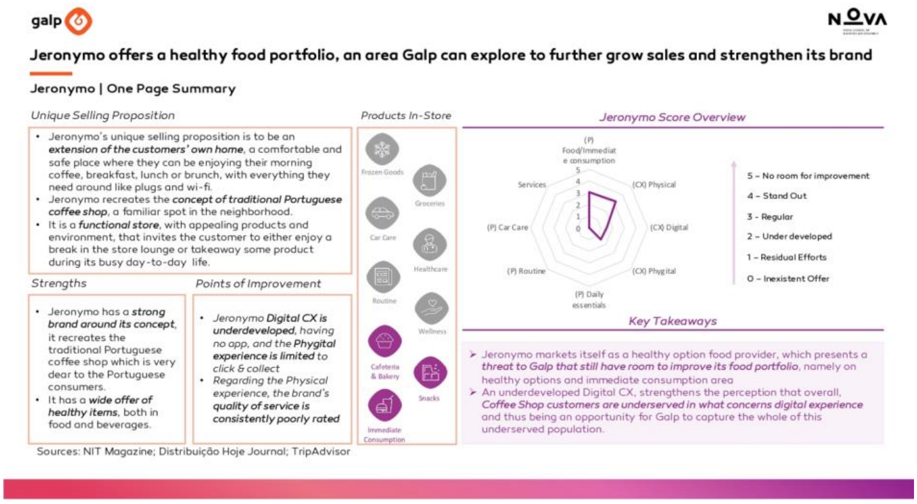
Appendix 16 - Esso's One Page Summary



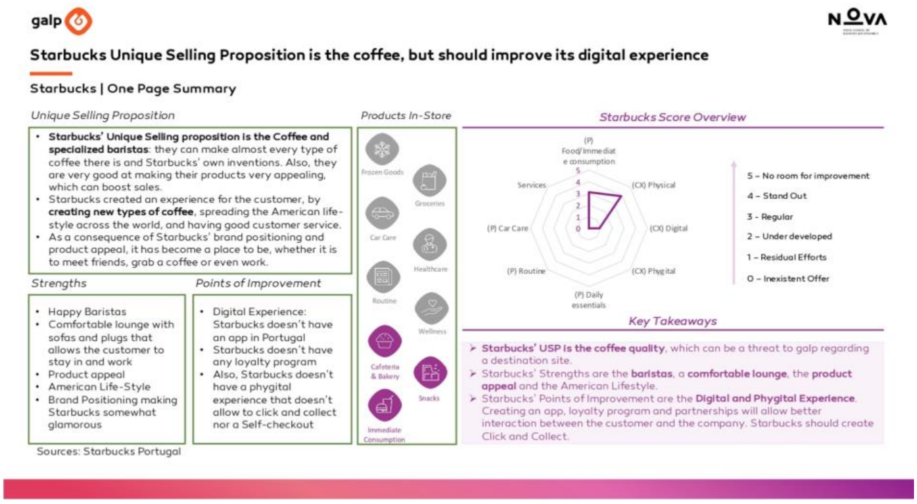
Appendix 17 - Padaria Portuguesa's One Page Summary



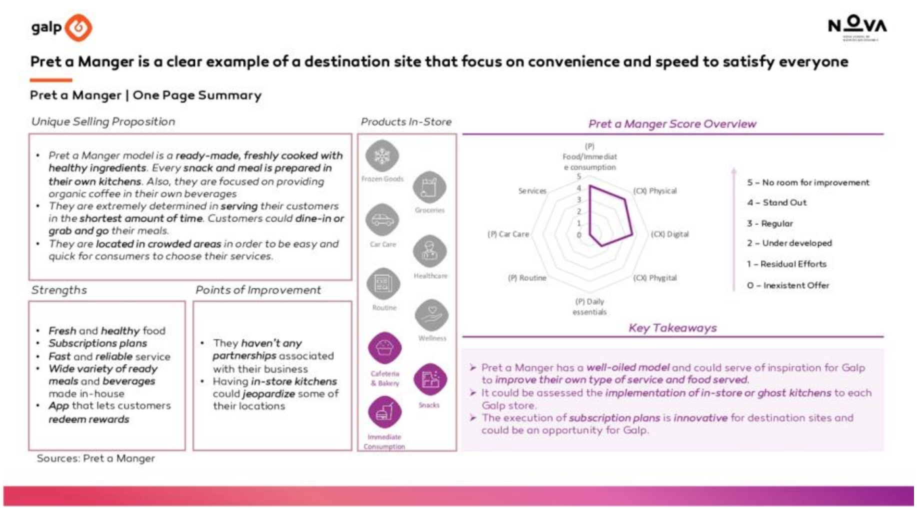
Appendix 18 - Jeronymo's One Page Summary



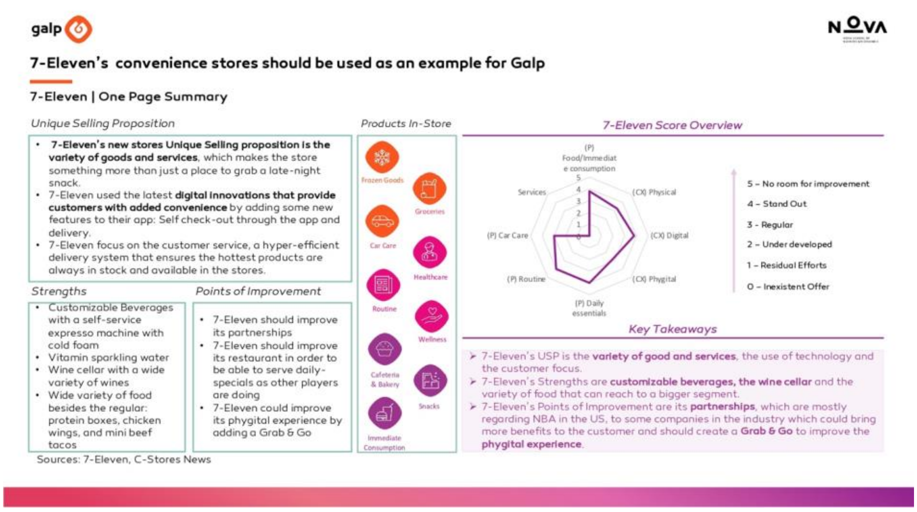
Appendix 19 - Starbucks' One Page Summary



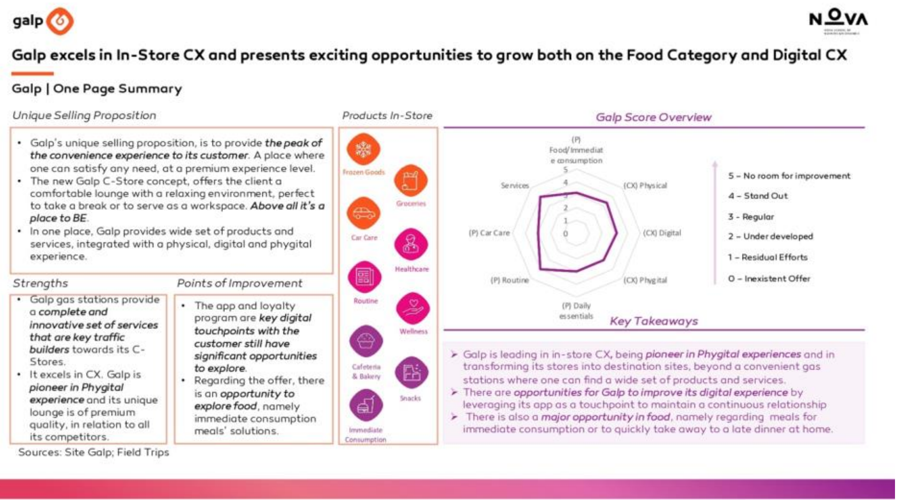
Appendix 20 - Pret a Manger One Page Summary



Appendix 21 - 7-Eleven's One Page Summary



Appendix 22 - Galp's One Page Summary



Appendix 23 - Galp's SWOT Matrix

Appendix 24 - Galp's TOWS Matrix

galp

TOWS Matrix

<table>
<tr><td></td><td>Strengths
S.1. Galp has real state spread out in Portugal.
S.2. Strategic store locations
S.3. Galp has a strong brand association
S.4. Knowledge about consumer preferences
S.5. Employee's awareness in the company values
S.6. Ability to invest</td><td>Weaknesses
W.1. C-Stores sales have a high percentage in routine
W.2. Lack of personalized data of customers
W.3. Low engagement with app
W.4. Loyalty program strongly attached to Cartão Continente
W.5. Underdeveloped food and immediate consumption category
W.6. Employees do all sorts of tasks</td></tr>
<tr><td>Opportunities
O.1. Being perceived as an innovative company
O.2. Personalized offering based on data
O.3. Moving to a Phygital approach
O.4. Disrupting customer's minds around the concept of food within Galp's stores
O.5. Being the first mover in terms of digital transformation
O.6. Diversified company</td><td>Strengths + Opportunities
S.2. + O.2. | Personalized offering based on store location
S.3. + O.6. | Reassure Galp as a beyond fuel brand and diversification is present in the company
S.6. + O.5. | Investing in digital touchpoints with the clients, there could be a reduction of tasks by customers that don't add thus focusing on customer satisfaction</td><td>Weaknesses + Opportunities
W.1. + O.4. & O.6. | By diversifying, Galp can shift consumers focus from routine
W.2. + O.2. | If Galp can gather information from their own app, deals can target individual customers
W.3. + O.5. | When investing in digital, customers engagement with the app
W.5. + O.4. | With the introduction of increased quality and concepts, it will change consumer's perceptions</td></tr>
<tr><td>Threats
T.1. Lack of food industry expertise
T.2. Lack of recognition in the food area
T.3. Difficulty in shifting consumer's shopping mission
T.4. Overpopulated market in comfort and food area
T.5. Being a follower in the C-Store/Supermarket area
T.6. Product assortment isn't optimized</td><td>Strengths + Threats
S.2. + T.4. | Galp proximity with its customers can make the brand standout even in an overpopulated market
S.4. + T.6. | Product assortment can be optimized by leveraging consumer preferences data
S.6. + T.5. | With Galp's significant resources, it can surpass even entering as a follower</td><td>Weaknesses + Threats
W.2. + T.6. | Gaps in consumer data disable Galp from optimizing product assortment in store
W.4. + T.3. | Main loyalty program incentivizes customers to purchase only fuel at Galp while shifting daily essentials mission to Continente
W.5 + T.4. | Hard penetration of food markets due to lack of expertise and strong competition</td></tr>
</table>

Appendix 25 - Online Survey Script

Avaliação das preferências dos consumidores em relação às Lojas de conveniência

Guião do Questionário Quantitativo

LANDING PAGE

Objetivo e contexto: Este questionário foi desenvolvido no âmbito do projeto final de Mestrado de Gestão da Nova School of Business and Economics, tendo como objetivo o estudo das preferências dos consumidores nas lojas de conveniência em postos de abastecimento e o teste de um novo conceito implementado nestas lojas

Anonimato: A informação registada ao longo do questionário é de caráter anónimo e não será analisada de forma individual, mas sim de forma agregada.

Muito obrigada pela disponibilidade.

A equipa de projeto: Martim Jervell, Nuno Castanheira Dinis, Tomás Pinto, Vera Moreira

Nota: Ao longo deste questionário encontrará as áreas de Utilização de loja, Comida, Tecnologia e Marca como foco nas lojas de conveniência de postos de abastecimento

PARTE 0 – FILTRO

CRIAÇÃO E ATRIBUIÇÃO DE PERSONAS

1. É condutor? *(Escolha Múltipla – Resposta Única)*
    a. Sim
    b. Não

2. Paga o seu próprio combustível? *(Escolha Múltipla – Resposta Única)*
    a. Sim
    b. Não

3. Qual a principal razão para se deslocar a um posto de abastecimento? *(Escolha Múltipla – Resposta Única)*
    a. Abastecer a sua viatura
    b. Abastecer a sua viatura e compra em loja de conveniência
    c. Compra em loja de conveniência
    d. Abastecer a sua Viatura e Utilização de outros serviços (e.g., Lavagem de viaturas)
    e. Compra em Loja e Utilização de outros serviços (e.g., Lavagem de viaturas)
    f. Outro

4. Quantas vezes visita uma loja de conveniência num posto de abastecimento? *(Escolha Múltipla – Resposta Única)*
    a. Mais do que uma vez por semana
    b. 1 vez por semana
    c. 2 vezes por mês
    d. 1 vez por mês
    e. Menos do que uma vez por mês
    f. Nunca

Passar para a Q16, se Q4 = F

5. **P3 ≠ F**, Que tipo de posto utiliza com maior frequência? *(Escolha Múltipla – Resposta Única)*
    a. Autoestradas
    b. IP/IC
    c. Localidades
    d. Em zonas urbanas

6. Em que contextos utiliza as lojas? *(Escolha Múltipla – Multiple Selection Box)*
    a. Necessidades em contratempo
    b. Trajeto casa-trabalho
    c. Trajeto trabalho-casa
    d. Não planeado

7. O que valoriza num posto de abastecimento / área de serviço? (Escolha várias)
    a. Simpatia dos colaboradores
    b. Localização
    c. Comforto
    d. Oferta de produtos
    e. Horário de serviço
    f. Outro

8. Para que fins utiliza as lojas? Escolha até 3. *(Escolha Múltipla – Multiple Selection Box até 3)*
    a. Passar o tempo
    b. Trabalhar remotamente
    c. Levar comida para consumir mais tarde
    d. Fazer uma refeição rápida em loja
    e. Comprar álcool
    f. Tomar o pequeno-almoço
    g. Comprar tabaco
    h. Para satisfazer necessidades momentâneas (chocolates, pastilhas, etc)

9. Indique as marcas que utiliza para abastecer *(Escala de 0 = nenhuma frequência a 5 = muita frequência)*
    a. Galp
    b. BP
    c. Prio
    d. Repsol
    e. Cepsa
    f. Shell
    g. Hipermercado
    h. Outros

10. Classifique as seguintes marcas por frequência de abastecimento *(Escala de 0 = nenhuma frequência a 5 = muita frequência)*
    a. Galp
    b. BP
    c. Prio
    d. Repsol

e. Cepsa
f. Shell
g. Hipermercado
h. Outros

11. Sente que as marcas de combustível e as suas lojas de conveniência se encontram enquadrados com as tendências tecnológicas? (e.g., pagamento no telemóvel, menu cafetaria disponível na respetiva app, entre outros) *(Escolha Múltipla – Resposta Única)*
    a. Sim
    b. Não

12. Costuma utilizar a aplicação do posto onde abastece? *(Escolha Múltipla – Resposta Única)*
    a. BP Premier – Sim ou Não
    b. Cepsa App – Sim ou Não
    c. Mundo Galp – Sim ou Não
    d. Prio.Go – Sim ou Não
    e. Repsol Mova – Sim ou Não

13. **Q12 = sim**, Quais os principais motivos para utilizar a app? *(Escolha Múltipla – Multiple Selection Box)*
    a. Pagamento através da app
    b. Agregação de cartões
    c. Descontos / Campanhas Exclusivas
    d. Consultar localização de postos
    e. Consultar pontos associados ao cartão da marca
    f. Encomendar e levantar na loja
    g. Outro: ___

14. O que gostaria que estivesse disponível na app? (pode selecionar várias)
    a. Oferta de produtos em loja
    b. Os descontos disponíveis
    c. Encomendar através da app
    d. Os menus da loja/cafetaria
    e. Não utilizo nenhuma app
    f. Outros: ___

15. Se não utiliza nenhuma app dos postos de abastecimento / áreas de serviço, quais as razões para não utilizar uma app? (pode selecionar várias)
    a. Os descontos não estão disponíveis na app
    b. A app é confusa
    c. Registo na app é demorada
    d. Não quero ocupar espaço no telemóvel
    e. Outro: ___

EXPLICAÇÃO DO NOVO CONCEITO

As lojas de conveniência de postos de abastecimento têm um modelo de loja pouco diferenciado em que apenas se encontra presente refeições rápidas, tais como sandes embaladas, bebidas e refrigerantes, chocolates, pastilhas, tabaco, revistas e produtos para o carro.

Um novo conceito, que se encontra em desenvolvimento, iria alterar o aspeto da loja em si e uma melhoria nos produtos oferecidos em loja. Este conceito teria em consideração a criação de uma zona de estar para os clientes poderem tomar refeições, como o pequeno-almoço ou almoçar, ou até conseguirem ter reuniões ou relaxar neste espaço. O objetivo deste novo conceito é ter uma zona de estar parecida à de cafetarias e restaurantes, como por exemplo o lounge da Padaria Portuguesa ou do Starbucks.

Em relação à categoria de comida, a oferta da mesma estaria focada na confeção de refeições na hora para os clientes, uma melhoria e diversidade de cafetaria (replicando um café) e a venda de refeições prontas a levar para o seu trabalho ou, quando volta do seu emprego, refeições para consumir em sua casa com a sua família. A oferta de produtos, como pão ou qualquer tipo de mercearia que seria utilizada para suprimir falhas em sua casa.

PARTE 1 – FOOD SOLUTIONS
PERCEBER SE OS CONSUMIDORES CONSOMEM OU NÃO, O PORQUÊ DE OS CLIENTES NÃO CONSUMIREM (PARA ALÉM DE INDULGENCE), O QUE VALORIZAM E COMO MELHORAR

16. Já comprou comida numa loja de conveniência de postos de abastecimento? *(Escolha Múltipla – Resposta Única)*
    a. Sim
    b. Não

17. **P16 = B**, Especificamente em Cafetaria e pastelaria, quais a razões por não consumir? *(Escolha Múltipla – Multiple Selection Box)*
    a. Qualidade inferior
    b. Falta de opções saudáveis
    c. Falta de opções vegans
    d. Falta de atratividade visual dos produtos
    e. Preço elevado
    f. Diversidade de produtos escassa
    g. Outro: ___

18. **P16 = B**, Tendo em consideração o novo conceito (melhor qualidade e diversidade de comida), das seguintes categorias quais seriam as que o levariam a consumir neste tipo de loja? *(ordenar)*
    a. Refeições preparadas no momento – massas frescas, saladas, pratos do dia
    b. Refeições preparadas para levar para o trabalho/casa – sandes, saladas, pratos do dia (mas já embalados)
    c. Produtos de mercearia – atum, massa, pão, garrafão de água, entre outros
    d. Maior diversidade de produtos saudáveis – snacks e barras com baixas calorias, refeições preparadas ou embaladas propostas por um nutricionista
    e. Opções vegan
    f. Opções sem glúten / lactose
    g. Outro: ___

19. **P16 = A**, Qual a frequência com que consume numa bomba de abastecimento *(Escala de 1 = raramente a 10 = muito frequentemente)*
    a. Mais do que uma vez por semana
    b. 1 vez por semana

c. 2 vezes por mês
d. 1 vez por mês
e. Menos do que uma vez por mês
f. Nunca

20. **P16 = A**, Tendo em consideração o novo conceito (melhor qualidade e diversidade de comida), das seguintes categorias quais seriam as que o levariam a consumir neste tipo de loja? *(Escolha Múltipla – Multiple Selection Box)*
    a. Refeições preparadas no momento – massas frescas, saladas, pratos do dia
    b. Refeições preparadas para levar para o trabalho/casa – sandes, saladas, pratos do dia (mas já embalados)
    c. Produtos de mercearia – atum, massa, pão, garrafão de água, entre outros
    d. Maior diversidade de produtos saudáveis – snacks e barras com baixas calorias, refeições preparadas ou embaladas propostas por um nutricionista
    e. Opções vegan
    f. Opções sem glúten / lactose
    g. Outro: ___

PARTE 2 – TECNOLOGIA
AS PRINCIPAIS RAZÕES DE UTILIZAÇÃO DAS APPS, COMO AGREGAR A CAFETARIA NA APP E O TESTE DE NOVAS SOLUÇÕES TECNOLÓGICAS

Click & Collect é uma funcionalidade que lhe permite comprar algo através da app. Escolher, pagar e recolher na loja mais tarde apresentando um código aos funcionários.

Grab & Go é uma oferta disponível nas lojas de conveniência, com uma variedade de produtos para recolha sem filas de espera. Através de uma app, lê o QR Code existente na lateral do expositor Grab & Go, após o que as portas ficam desbloqueadas, podendo retirar o produto desejado e mais tarde será debitado o valor do mesmo na app.

Self Check-Out é um novo conceito de loja onde pode entrar através da leitura de um código na app, escolher os produtos que quer e sair sem fazer o pagamento em caixa, pois o valor é automaticamente debitado na app que utilizou para entrar.

21. Dos seguintes serviços, indique os serviços que utilizaria?
    a. Click & Collect
    b. Grab & Go
    c. Self Check-out
    d. Pagamento na caixa

22. **Com base Q21**, Dos seguintes, ordene os serviços por preferência

    Grab & Go

    Click & Collect

    Self Check-Out

    Pagamento na Caixa

PARTE 4 – MARCA

PERCEBER SE OS CONSUMIDORES ESTARIAM MAIS CONFORTÁVEIS COM UMA NOVA PARCERIA OU MARCA, SE ESTE INCENTIVARIA A PROCURAR O SERVIÇO ESPECÍFICO OU VÃO AOS POSTOS MAIS PRÓXIMOS

23. Se a Padaria Portuguesa tivesse uma parceria com um posto de abastecimento, sentiria uma maior propensão para consumir no posto? *(Escala de 1 = raramente a 10 = muito frequentemente)*

24. **P21 = A**, Tendo um posto com Padaria Portuguesa a 500 metros e um posto sem Padaria Portuguesa a 200 metros, por qual optaria para consumir pastelaria ou café? *(Escolha Múltipla – Resposta Única)*
    a. Posto **com** Padaria Portuguesa
    b. Posto **sem** Padaria Portuguesa

25. Preferia: *(Escolha Múltipla – Resposta Única)*
    a. Pareceria com marca já conhecida
    b. Nova marca criada pela bomba de gasolina

PARTE 5 – DEMOGRAFIA

26. Idade *(Escolha Múltipla – Resposta Única)*
    a. [18; 25]
    b. [26; 40]
    c. [41; 55]
    d. [56; 70]
    e. Mais de 70

27. Género *(Escolha Múltipla – Resposta Única)*
    a. Feminino
    b. Masculino
    c. Prefiro não responder
    d. Outro

28. Distrito de residência *(Escolha Múltipla – Lista Dropdown)*

Appendix 26 - Hub Questionnaire Script

Questionário nos HUBs

Topic Tackled:	**Shopping Mission & Price** Objective: Incentivar outras shopping missions (para além de indulgence)

1. Já consumiu produtos da Cafetaria da Galp inserida na Loja da Galp, para além de café?
a. SIM
b. NÃO

1.1 P1 = A, Voltaria a fazê-lo?
a. SIM
b. NÃO

2. Porquê?

(cada um dos seguintes pontos pode ser considerado pelo cliente um **incentivo** ou um **impedimento**)

a. Qualidade das bebidas
b. Aspeto das bebidas
c. Qualidade da comida
d. Aspeto da comida
e. Preço das bebidas
f. Preço da comida
g. Oferta de bebidas
h. Oferta de comida

Topic Tackled:	**Assortment** Objective: Vincular o cliente, responder às suas necessidades.

3. **Testar solução**: Cross-Selling Potential
   3.1. O que o incentivaria a consumir numa cafetaria Galp?
   a. Pack Menu Almoço + Pequeno Almoço (opção takeaway disponível)
   b. Pack Lanche + Jantar (opção takeaway disponível)
   c. Pack Almoço de grupo

4. Sabe que tipo de produtos de Cafetaria esta loja oferece?
   a. SIM
   b. NÃO

   4.1. P4 = A, Como sabe?
   a. Frequenta a Loja
   b. Publicidade
   c. Comunicação Promocional
   d. Menus Expostos

e. Familiares/ Amigos/ Colegas

5. **Testar solução**: De 0 a 10 (não me interessam esses produtos – sem dúvida vinha a esta loja comprá-los), quanto seria atraído por:
a. Opções Saudáveis
b. Opções Vegan
c. Opções Glúten-Free
d. Refeições Familiares Prontas
e. Refeições Individuais Prontas

Topic Tackled:	**Service** Objectives: Tornar a experiência do cliente mais agradável e eficaz

6. Utiliza smartphone para realizar pagamentos?
   a. SIM
   b. NÃO

7. **Testar solução**: Se eu lhe disser que **no seu telemóvel** pode escolher, pedir, pagar qualquer item de cafetaria e recolher imediatamente na loja …. ainda assim preferia ir pedir ao balcão?
a. SIM
b. NÃO

8. **Testar solução**: Se puder fazer o seu pedido de cafetaria, e pagar, num kiosk (estilo McDonald's) fazia? Ou ainda assim prefere dirigir-se ao balcão?

Topic Tackled:	**Concept** Objectives: Desvincular a marca de "posto de abastecimento"

9. Numa escala de 0-10, quanto associa esta loja a:

a. Conforto
b. Cafetaria
c. Lazer
d. Espaço de Trabalho
e. Espaço de Pausa

10. Sabe qual é a marca desta loja?

a. SIM
b. NÃO

11. Quais são as primeiras 3 palavras que lhe vem à cabeça quando pensa nas lojas da Galp?
   a. Cor de Laranja
   b. Energia
   c. Conforto
   d. Cafetaria
   e. Refeições
   f. Filas
   g. Pagamento

(conduzir o entrevistado para lá do tema "combustível")

12. Se a cafetaria desta loja tivesse uma marca própria, diferente de Galp, seria mais claro para si que era uma cafetaria com almoço e pequeno-almoço? (dar o exemplo da concorrência – Bagga & Jeronymo)

Topic Tackled:	**Function** Objectives: Alargar a relevância da loja (para além de zona de pagamento de combustível)

13. **Testar solução**: Se a Cafetaria tivesse a sua zona própria de consumo e pagamento dentro da loja, seria mais atrativa para si?
a. SIM
b. NÃO

Topic Tackled:	**Target** Objectives: Alargar o target do "cliente em trânsito" para "o cliente que fica"

14. Utiliza o espaço de mesas e cadeiras/ para estar da loja?
a. SIM
b. NÃO

15. Porquê?

(cada um dos seguintes pontos pode ser considerado pelo cliente um **incentivo** ou um **impedimento**) *

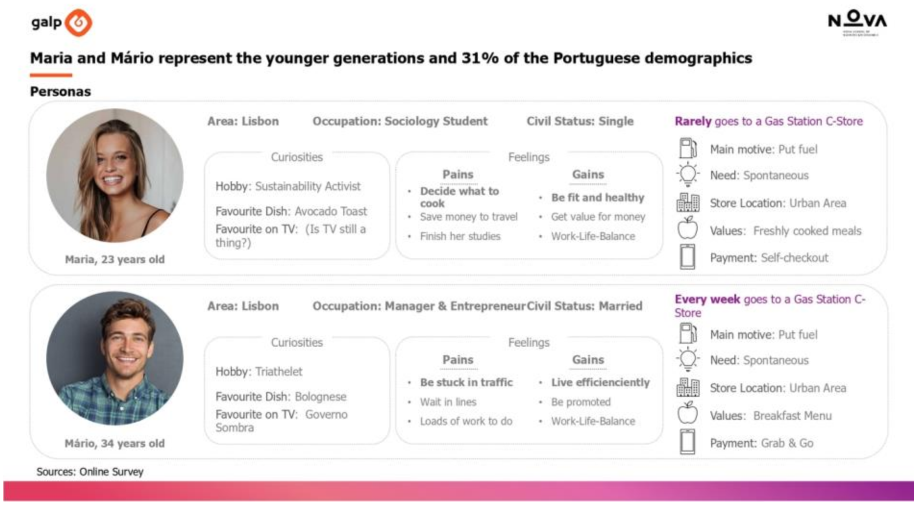
a. Conforto
b. Localização
c. Horário em que frequenta a loja
d. Tempo
e. Principal Objetivo por que vem a loja
f. Ambiente

Topic Tackled:	**Shopping Situation** Objectives: Aumentar a frequência de compra do cliente

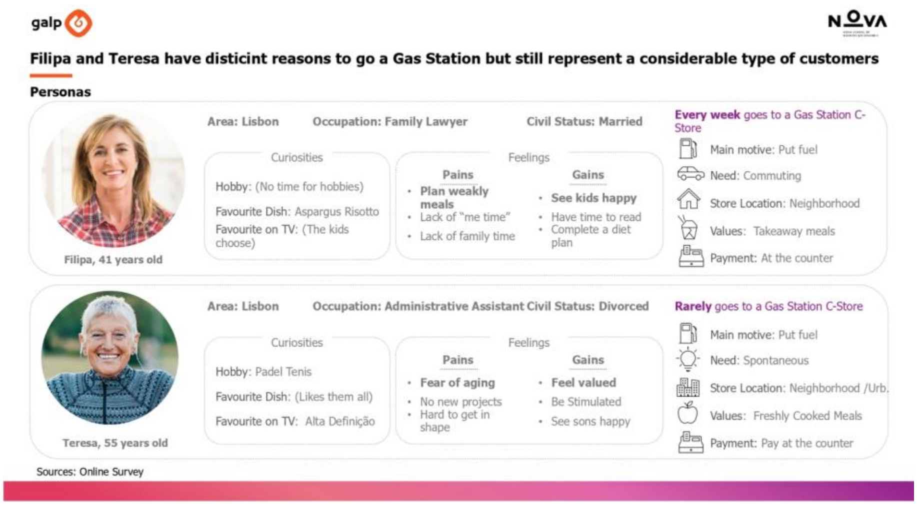
16. **Testar solução**: Se eu lhe disser que a nesta loja pode ter o seu pequeno-almoço a sua espera todos os dias e que paga o serviço uma única vez, no final do mês, evitando filas e demoras, quanto teriam interesse em saber mais sobre esta oferta – de **0-10**?

17. Porquê?
(cada um dos seguintes pontos pode ser considerado pelo cliente um **incentivo** ou um **impedimento**)
a. Frequência com que passa na loja
b. Variedade dos produtos
c. Qualidade dos Produtos
d. Horário com que passa na loja

Appendix 27 - Maria and Mário Customer Empathy Map

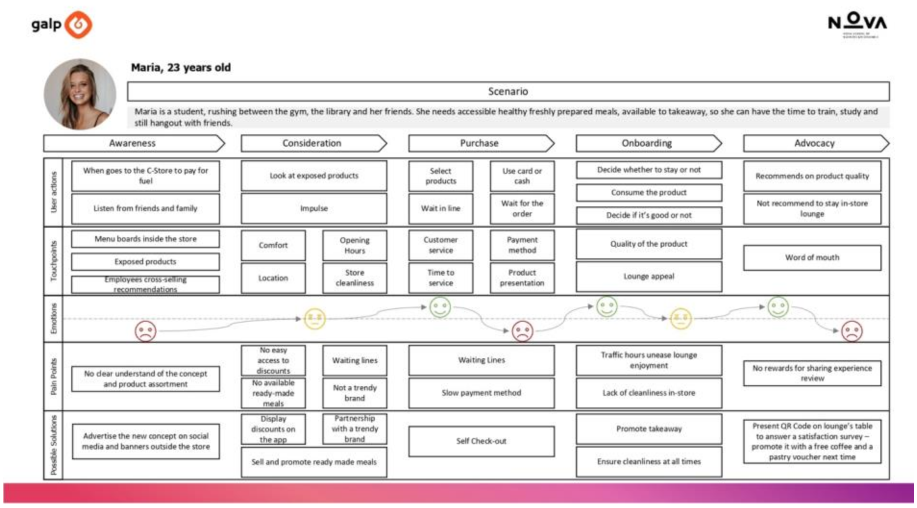


Appendix 28 - Filipa and Teresa Customer Empathy Map

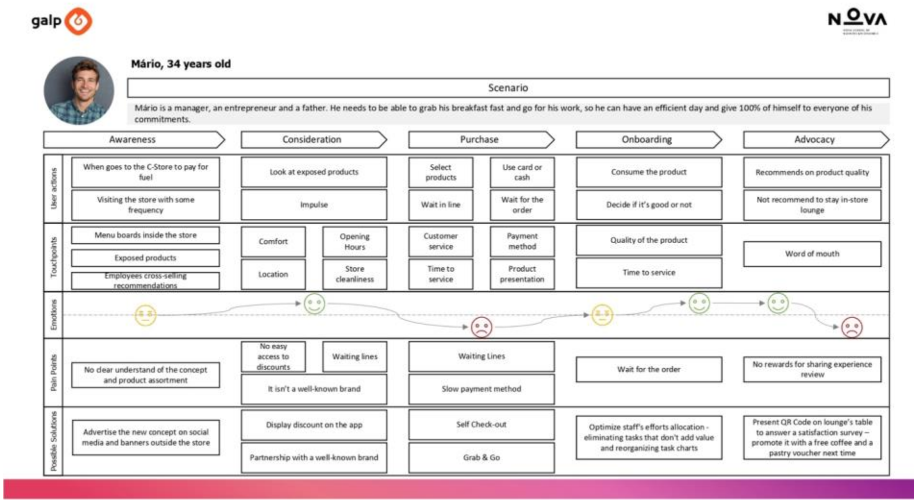


Appendix 29 - António and Fernando Customer Empathy Map

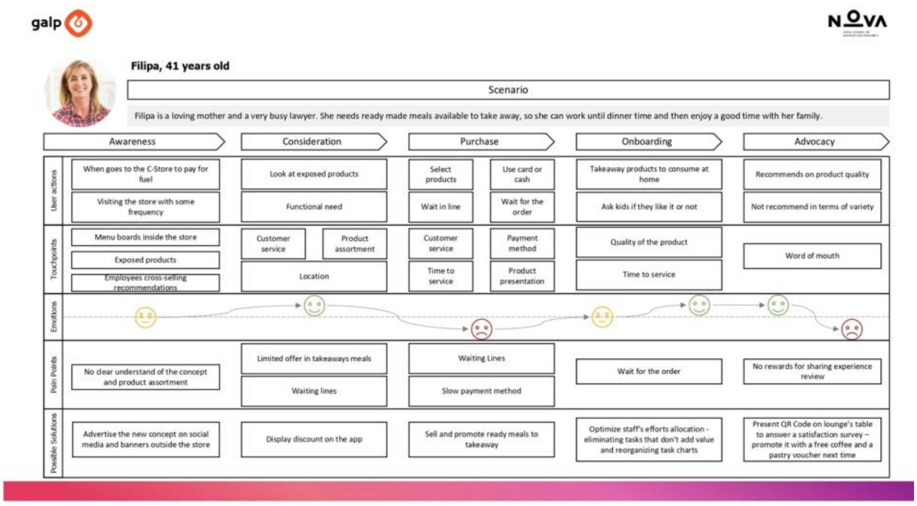
Appendix 30 - Maria's Customer Journey Map



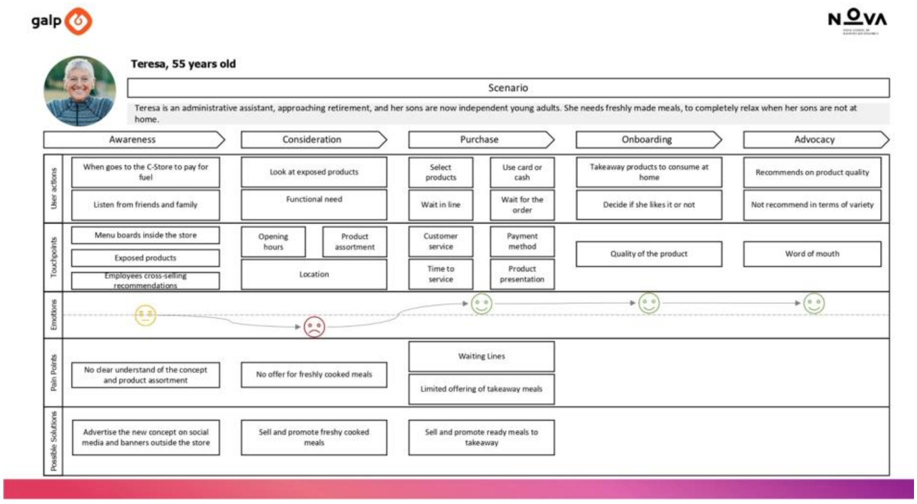
Appendix 31 – Mário's Customer Journey Map



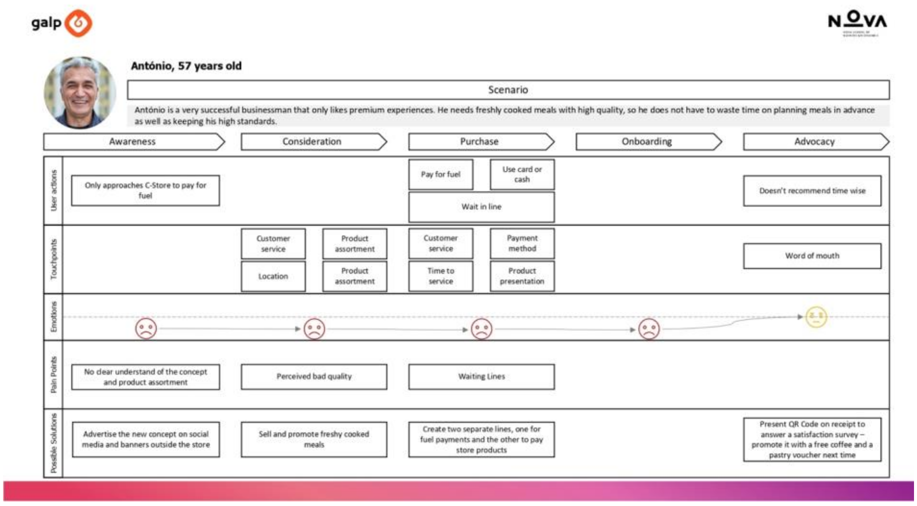
Appendix 32 - Filipa's Customer Journey Map



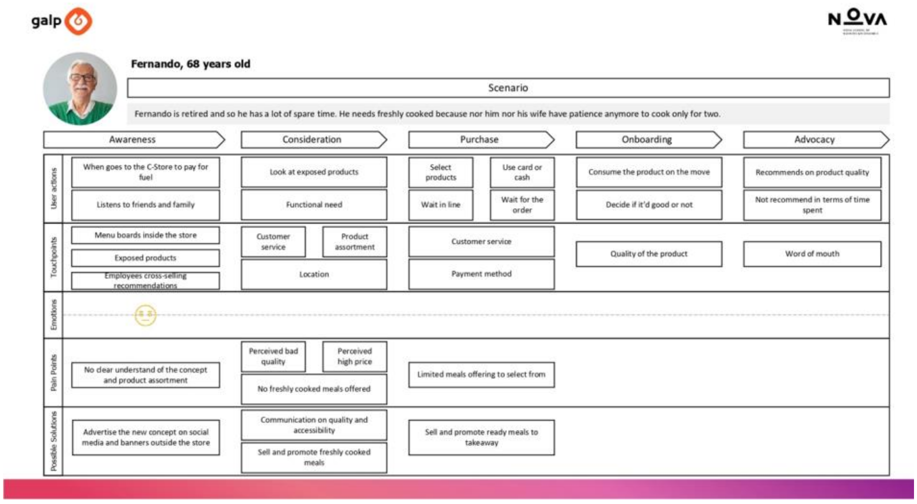
Appendix 33 - Teresa's Customer Journey Map



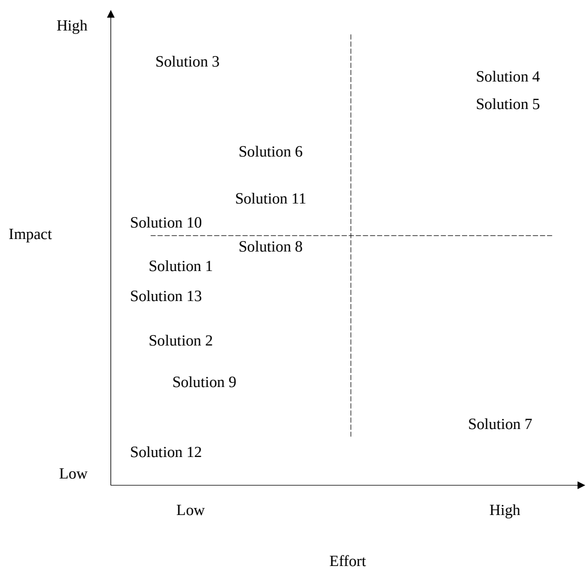
Appendix 34 - António's Customer Journey Map



Appendix 35 - Fernando's Customer Journey Map



Appendix 36 - Action Priority Matrix with solutions



Appendix 37 - KPIs formulas

$$Sales\ target\ attainment = \frac{Sales\ for\ the\ current\ period}{Sales\ target} * 100$$

$$Unscheduled\ downtime = \frac{Unscheduled\ downtime\ hours}{Total\ period\ measured} * 100$$

$$Adoption\ rate = \frac{Number\ of\ New\ Users\ of\ a\ Feature}{Total\ Number\ of\ Users} * 100$$

$$Retention\ rate = \frac{Number\ of\ users\ in\ cohort\ who\ use\ app\ in\ the\ set\ time\ period}{Number\ of\ users\ in\ cohort\ who\ use\ app\ in\ a\ previous\ time\ period}$$

$$Daily\ Sessions = \frac{Number\ of\ daily\ sessions}{Number\ of\ daily\ active\ users}$$

$$Customer\ Lifetime\ value\ (LTV) = \frac{Total\ user\ spend\ (€)}{Total\ number\ of\ buyers\ to\ date}$$

$$Average\ ticket\ amount = \frac{Total\ sales\ (€)}{Total\ number\ of\ tickets}$$

Appendix 38 – Recommendation 1 Cash-Flows

Year (values in thousands)	**0**	**1**	**2**	**3**	**4**	**5**
Incremental sales		€ 85 421	€ 85 421	€ 85 421	€ 85 421	€ 85 421
Sales with new product		€ 85 421	€ 85 421	€ 85 421	€ 85 421	€ 85 421
Incremental gross profit		€ 42 711	€ 42 711	€ 42 711	€ 42 711	€ 42 711
Sales with new service gross profit		€ 42 711	€ 42 711	€ 42 711	€ 42 711	€ 42 711
EBITDA		€ 42 711	€ 42 711	€ 42 711	€ 42 711	€ 42 711
Depreciation		€ -	€ -	€ -	€ -	€ -
EBIT		€ 42 711	€ 42 711	€ 42 711	€ 42 711	€ 42 711
Taxes		-€ 10 678	-€ 10 678	-€ 10 678	-€ 10 678	-€ 10 678
Net Income		€ 32 033	€ 32 033	€ 32 033	€ 32 033	€ 32 033
Operating CFs		**€ 32 033**	**€ 32 033**	**€ 32 033**	**€ 32 033**	**€ 32 033**
Free Cash Flows		€ 32 033	€ 32 033	€ 32 033	€ 32 033	€ 32 033
Discounted FCF		€ 31 516	€ 31 008	€ 30 507	€ 30 015	€ 29 531

NPV	**€ 152 576**

Appendix 39 - Recommendation 2 Cash-Flows

Year (values in thousands)	0	1	2	3	4	5
Incremental sales		€ 78 510	€ 78 510	€ 78 510	€ 78 510	€ 78 510
Sales with new service		€ 109 914	€ 109 914	€ 109 914	€ 109 914	€ 109 914
Cannibalization		-€ 31 404	-€ 31 404	-€ 31 404	-€ 31 404	-€ 31 404
Incremental gross profit		€ 39 255	€ 39 255	€ 39 255	€ 39 255	€ 39 255
Sales with new service gross profit		€ 54 957	€ 54 957	€ 54 957	€ 54 957	€ 54 957
Cannibalization loss in gross orift		-€ 15 702	-€ 15 702	-€ 15 702	-€ 15 702	-€ 15 702
Incremental Fixed costs		-€ 1 500	-€ 1 500	-€ 1 500	-€ 1 500	-€ 1 500
Maintenance costs		-€ 1 500	-€ 1 500	-€ 1 500	-€ 1 500	-€ 1 500
EBITDA		€ 37 755	€ 37 755	€ 37 755	€ 37 755	€ 37 755
Depreciation		-€ 1 500	-€ 1 500	-€ 1 500	-€ 1 500	-€ 1 500
EBIT		€ 36 255	€ 36 255	€ 36 255	€ 36 255	€ 36 255
Taxes		-€ 9 064	-€ 9 064	-€ 9 064	-€ 9 064	-€ 9 064
Net Income		€ 27 191	€ 27 191	€ 27 191	€ 27 191	€ 27 191
Operating CFs		**€ 28 691**	**€ 28 691**	**€ 28 691**	**€ 28 691**	**€ 28 691**
CAPEX	-€ 15 000					
Investment CFs	**-€ 15 000**	**€ -**	**€ -**	**€ -**	**€ -**	**€ -**
Free Cash Flows	-€ 15 000	€ 28 691	€ 28 691	€ 28 691	€ 28 691	€ 28 691
Discounted FCF	-€ 15 000	€ 27 067	€ 25 535	€ 24 090	€ 22 726	€ 21 440

NPV	**€ 105 858**