



SSE Riga Student Research Papers
2019 : 9 (219)

WELCOME TO WALK IN: THE IMPACT OF GREETING EMPLOYEES ON CUSTOMER EXPENDITURE

Authors: Amanda Daudaravičiūtė
Adelė Ramelytė

ISSN 1691-4643
ISBN 978-9984-822-

November 2019
Riga

Welcome to Walk in: The Impact of Greeting Employees on Customer Expenditure

Amanda Daudaravičiūtė

and

Adelė Ramelytė

Supervisor: Marius Raugas

November 2019
Riga

Table of Contents

Abstract.....	5
1. Introduction	6
2. Literature Review	8
2.1 Socialization	9
2.2 Physical vs. Digital Purchasing Behaviours	10
2.3 Greeting Employees	11
2.4 Lithuanian Context	12
2.5 The Power of a Greeting.....	13
2.6 Greeting at the entrance	15
3. Methodology.....	17
3.1 Field Studies	17
3.2 Procedure of the Studies	18
3.3 Greeting Employee Conduct	19
3.4 Data Collection.....	19
3.5 Data Analysis.....	20
3.6 Validity of the Results	20
3.7 Limitations.....	21
4. Results and Discussion	23
4.1 STUDY 1: Company “X”	23
4.2 STUDY 2: Company “Y”	25
4.3 STUDY 3: Company “Z”	26
5. General Discussion.....	29
5.1 Implications of Research	31

5.2 Cost-benefit analysis.....	32
6. Conclusion	35
7. References	36
8. Appendices	43

Abstract

In-store socialization is one of the key elements giving physical stores a competitive advantage against the rapidly growing digital commerce. Thus, the authors of this paper conducted an empirical research to analyse whether employees who stand at store entrances and welcome customers inside the store individually, otherwise known as greeting employees, have any impact on the purchasing behaviour of customers. For the purpose of this research, a series of quasi-experimental retail field studies were conducted in three Lithuanian stores. Obtained results suggest that the presence of the greeting employee is associated with increased customer expenditure in both monetary and numerical terms, conceivably due to the combined effects of the customer's increased sense of personal importance and redirected attention towards the store environment when a greeting employee is present.

1. Introduction

In recent years, the impact of continuously growing digital commerce (\$1 out of every \$10 is spent on digital commerce in the U.S.) (The Census Bureau of the Department of Commerce, 2018) along with the emergence of e-shopping giants such as Amazon has put a strain not only on traditional brands but also on the traditional in-store shopping experience (Ford, 2018). Research completed by comScore and UPS has provided results which showed that 29% of the 5,000 shoppers surveyed headed straight to Amazon when trying to search for a product online (Fulgoni, 2018). The phenomenon can be explained by customers' growing need for immediate gratification which has evolved along with digital commerce as it succeeded in developing digital analytics tools to satisfy such needs. At a National Retail Federation conference, Mark Mathews has put the phenomenon in simple words, saying that "consumers today want what they want when they want it and they don't expect to pay a premium to get it fast" (Shearman & Smith, 2018).

Not to mention, while digital commerce continues to grow at a rapid rate of 20% per year, physical stores are closing at an unprecedented rate, with the closure of stores in the first six weeks of 2019 already amounting to a third of the total 5,524 U.S store closures tracked in 2018 (Coresight Research, 2019). Thus, it is no surprise that physical stores are under pressure to develop their in-store marketing strategies accordingly in order to stay competitive in the world of retail. Consequently, different methods of improving customer experience in physical stores (novelty, integration of technology, immersive design, entertainment, in-store socialization), as well as the discovery of new methods, are becoming more and more relevant (Hu & Jasper, 2018).

Hence, in this paper, the possibility of increasing physical in-store profitability through the channel of socialization will be explored as derived from Hu & Jasper's (2018) findings, which state the importance of socialization, service and community as attributes which currently cannot be offered effectively through shopping online. Further considering the aspects of socialization and community, previous research regarding consumer behaviour is in consensus about the existence of a significant effect on human behaviour based on the presence of other humans (Lee, 2004). Despite the fact that research regarding consumer purchasing behaviour in reaction to various characteristics and behaviours of employees in retail has been extensive in terms of customer satisfaction, the factor of actual presence vs. absence of an employee in the store has been overlooked. Moreover, the effect of the mere presence of a greeting

employee standing at the store entrance has not yet been studied entirely, creating a clear gap in the existing literature.

Additionally, studies focusing on the aspect of socialization in physical stores have been scarce in the Baltic region, particularly in Lithuania which brings an interesting context to the issue being discussed. It has been discovered that more than half of over one thousand Lithuanian study participants believe that the retail service culture in Lithuania has not seen improvement or has become worse in the last number of years, stating a lack of employee politeness and attention as a significant factor (Vilmorus, 2016). Thus, the authors propose a study which aims to analyse the effect on behavioural measures such as average expenditure per visit in the presence vs. absence of an employee at the entrance of the store, where an employee greets customers coming inside the store specifically. Quasi-experimental retail field studies were conducted in Lithuania to analyse whether there any differences between the purchasing behaviour of customers who have been greeted by an employee at the entrance of three stores from distinct retail chains.

Given the exclusivity of the phenomenon as well as increasing efforts to improve in-store experience using aspects of socialization (H.Hu & C.R. Jasper, 2018), the authors believe in the potential of this research to contribute to existing literature concerning in-store socialization as well as to provide relevant findings to marketing specialists seeking to improve the physical in-store experience by placing greeting employees at the entrance of stores as well as eventually having scope to aid computer-mediated environments in the future (Gunawardena & Zittle, 1997).

Therefore, the research question addressed in this paper is the following: **How does the presence vs. absence of a greeting employee influence the purchasing behaviour of customers in Lithuania?**

In order to answer the question, the paper is structured as follows: part (2) describes the social features of human interaction, discusses existing literature on customer satisfaction and presents implications of greeting by employees. Section (3) explains how the research was conducted to determine the impact of greeting employees on customer purchasing habits, while part (4) presents and discusses the obtained results. Finally, section (5) draws conclusions and indicates possibilities for further research.

2. Literature Review

Many studies have previously researched aspects of socialization between the customer and the employee in a retail environment, some studies even delving into the particular phenomenon of greeting customers. However, in this literature review, the authors analyse whether it is likely that a greeting employee at the entrance of a store specifically could influence the purchasing habits of customers. In order to achieve this, the authors start by analysing the shopping process and socialization in the retail environment in general, finally delving into the specifics of greeting and why the fact that the employee must stand at the entrance of the store should be so essential.

The shopping process is defined as the "consumption-oriented movement" where customers interact with the in-store environment including products, brands, and salespeople (Lehtonen & Mäenpää, 1997, p.143). The customer retail experience is defined as various customer responses (including social, emotional, cognitive and physical) to the retailer (Verhoef et al., 2009).

In order to successfully integrate the social aspect of customer responses to the retail experience as a tool to improve the physical in-store shopping process, the mechanics and implications of such social aspects of shopping must be taken into consideration. For instance, it should be acknowledged that today's experience economy continues to thrive as people tend to value 'experiences' over simple 'goods' as defined in basic economic transactions. This has a particular translation on the experience of shopping as customers may be willing to pay a premium for the elevated "experience" (sensory, emotional, behavioural) of a product or a service (Lorentzen, Larsen, & Schröder, 2015). Furthermore, it has been commonly suggested that a positive experience is succeeded by increased brand loyalty and negative experience is followed by valuable customers never returning again, meaning a significant drop of potential sales (Lucas, 1999).

Thus far there is a lack of up to date research which stays in line with the increasing need for novel knowledge and applications regarding improving the in-store shopping experience (J.B. Ford, 2018). While H. Hu's (2018) recent findings revealed the need for socialization for a wholesome in-store shopping experience, the authors delve into more specific aspects of socialization between the employee and customer.

2.1 Socialization

Previous research regarding consumer behaviour is in consensus about the existence of a significant effect on human behaviour based on the presence of other humans. As human beings are a social species (Wesselmann, Cardoso, Slater, & Williams, 2012), it is no surprise that being in the presence of another human being opens up possibilities of communication and connection which in turn can satisfy the basic needs for intimacy and community (Baumeister & Leary, 1995). Previous studies have found that when entering a new environment, humans are prone to immediately look for signs of the presence of other humans and thus pay attention to this factor above any other factor influencing their current environment (Dawkins, 2006). Once another human has been detected, evidence shows that there is a significant effect on the behaviour of the human who knows that they are in the presence of another human (Guerin, 1986; Söderlund, 2016). Furthermore, it is believed that this change in behaviour is triggered by an emotional reaction which has scope to affect pleasantness, leading to an end result ranging from a highly negative to a highly positive social reaction to the presence of another human being (Russell, Ward, & Pratt, 1981).

Previous research has also found that a phenomenon known as person positivity bias influences such social reaction to be more often positive than negative, when in the presence of another human and that any interactions or messages targeted are always received more positively when coming from another human rather than a non-human source (Lau, Sears, & Centers, 1979; Söderlund, 2016).

Therefore, it can be assumed that in a retail environment, customers will be highly aware of employees when entering a store and this will potentially affect customer pleasantness as they carry out their shopping experience. Recent studies also suggest that while employee attributes have been studied extensively, the factor of the actual presence vs. absence of an employee in the store has been overlooked in the literature. A study completed by M. Söderlund (2016) has found that the mere presence of an employee during the in-store shopping experience has resulted in higher consumer pleasure and satisfaction compared to situations with no visibility of employees in-store.

2.2 Physical vs. Digital Purchasing Behaviours

It is intelligible that traditional retail stores are no competition for online shopping when it comes to the flexibility and simplicity of transactions. However, a study completed in 2017 has also highlighted factors which give physical stores a competitive advantage over online shopping – the ability to touch and feel products and personalized customer service. A total of 29% of respondents stated that they prefer physical in-store shopping to online shopping when they receive personal attention and assistance (TimeTrade, 2018). Furthermore, generally, the experience of shopping, particularly for clothes, is considered a social phenomenon even when the possibility of online shopping is allowed (Sinha, Alsubhi, Dash, Guo & Knijnenburg, 2017). It can be concluded that although online shopping habits are becoming more prominent, social interaction is still highly valued and is one of the main attributes influencing customers to choose physical in-store shopping (Hu & Jasper, 2018b; Söderlund, 2016).

An argument against this statement could express the contradictory need for immediate gratification and convenience-based transactions (Shearman & Smith, 2018). This means that customers could potentially be bothered by time-consuming, unnecessary communication with salespeople, which could consequently lead to a negative social reaction if approached in-store. Nevertheless, previous research has shown that when customers choosing self-checkout technology were asked what drives the satisfaction of such a choice, only 3% cited “not having to interact with anyone” as a reason (Meuter, Ostrom, Roundtree, & Bitner, 2000). The channel which may, on the other hand, prove online shopping preferred when avoiding social interaction particularly is if an element of embarrassment is involved and a lack of personal interaction proves an easier transaction due to an in-store transaction in such a case actually invoking customer dissatisfaction (Goldfarb, McDevitt, Samila, & Silverman, 2015). Even so, a number of consumer insight studies completed have shown that overall, customers, including Generation Z and millennials, are spending more time in physical stores rather than online shopping for reasons specifically related to social interaction. In particular, respondents mentioned the in-store environment providing an engaging retail experience, suggesting that preferences for the social aspect of physical shopping span generations, and are of importance even to those raised in the digital age (Market Insider, 2018; TimeTrade, 2018).

2.3 Greeting Employees

A greeting employee standing at the entrance of a store with the primary purpose of welcoming customers inside the store is a phenomenon which can be observed more often in some industries than others. For instance, it is common to be welcomed inside restaurants, airplanes, luxury retail stores and hotels (Therrien, Wilder, Rodriguez, & Wine, 2005). Nevertheless, retail stores targeting a wider audience of customers can also be noticed with employees greeting their customers inside the store suggesting that such employees are assumed to generate value (Anderson, 2016.; Maria Alejandra Lopez, 2016).

According to Hu & Jasper (2018), it has been discovered that in recent years, many traditional retailers (including both private label brands and department stores) have decreased the number of employees attending to customers in physical stores as an attempt to reduce operating costs. However, along with the reduction of operational costs came a sharp decline in the customer retail experience. This has had a negative impact on overall physical in-store sales which could be potentially reversed if retailers invest in additional personnel such as greeting employees, further reinforced by the existing knowledge that customers want personal attention in-store and receiving this attention increases experience pleasantness (Finn, Wang, & Frank, 2009). Customer satisfaction consequently leads to increased demand for the store's products and therefore increased expenditure (E. W. Anderson, Fornell, & Rust, 1997). Customer expenditure has previously been measured as the total sum spent, the number of items bought and the sum spent per item (Otterbring, Ringler, Sirianni, & Gustafsson, 2018). This is especially important when competing against digital commerce due to the physical proximity between salespeople and customers when they are in-store, creating the possibility for connection and interaction which as of now is simply unachievable for online retailers (Hu & Jasper, 2018b).

The specific interaction of a greeting employee as customers enter the store is seen to be one of the most important factors determining consumer retail experience as it has potential to influence the direction, duration and decisions of the rest of the shopping experience (Therrien et al., 2005). Greeting behaviour can positively impact customer retail experience by showcasing the employee's affability (Baker, Levy, & Grewal, 1992). Goffman (2005) also states that greetings are a form of access rituals which symbolize the accessibility of friendship in the future, which may potentially allow the customer to view the retail experience as more personal.

Currently, there is a gap in the literature concerning the impact of greeting employees on either sales or customer satisfaction. Several papers have studied this type of social interaction, however, focused on restaurant environments rather than its effects in a retail space (Squires et al., 2007; Therrien et al., 2005). Another recent paper (Otterbring et al., 2018) has looked at the phenomenon from the angle of retailers Abercrombie & Fitch and Hollister, brands known to not only have greeting employees present at their stores but also to only have physically attractive ones. The results have shown that when greeted by a physically dominating male employee at the entrance of a store, men felt an increased need to compete (particularly if the men themselves did not have dominating features) and thus actually spent significantly more money and purchased products which were twice as expensive as those bought by female customers (Otterbring et al., 2018). While this provides evidence for a greeting employee having a significant impact on a store's sales, this study will focus on the standalone effect of the presence of a greeting employee rather than the effect of the physical dominance of the employee.

2.4 Lithuanian Context

In terms of greeting customers, Lithuania is an interesting location for research due to its potentially particular relevance. In 2016, an investigation conducted by the market research company Vilmorus (with more than one thousand participants) indicated that more than 50% of respondents believed that the service culture in retail stores in Lithuania has not changed or has become worse over the past 5 years. A significant 14.2% of the participants believed that employees working in stores could be more polite and indicated a lack of attention as one of the main problems regarding in-store employees.

Although online shopping in Lithuania is growing rapidly (38% of consumers make their purchases online), physical in-store shopping still takes the lead (48% of consumers). Furthermore, a significant 34% of 6100 respondents have reported researching products online prior to making the purchasing transaction in-store (Google Consumer Barometer, 2015). This proves a significant challenge for Lithuanian retailers to not only compete against digital commerce but also to improve existing retail service culture in Lithuania.

In addition, greeting employees are quite a rare phenomenon in Lithuania, an occurrence which can be observed only during private events. On the other hand,

countries such as the United States have been using the service of greeting employees in a retail environment to boost their sales for years (Carmin Gallo, 2011; McLoughlin & Miura, 2017). In fact, greeting a person who is unfamiliar is in itself is not a common practice of courtesy in Lithuania, referred to as the “Lithuanian non-greeting phenomenon” (Rima Janužytė, 2018). Therefore, research on the matter in Lithuania could improve customer service and consequently increase customer satisfaction in retail stores in the country.

2.5 The Power of a Greeting

Given the importance of greeting in order to build successful encounters, both inside and outside of a retail environment, it is also vital to understand the mechanics of greeting to ensure a positive effect. For instance, a study in 2017 has found that the way businesses greet potential customers over the phone can actually deter customers if not carried out correctly (O. Gough, 2017). It should also be considered that greetings and the way they are carried out are heavily influenced by cultural and social norms which determine the acceptability of a greeting in a given situation (Krivonos & Knapp, 1975). Nevertheless, there is a consensus in the literature that while a greeting makes up the smallest fraction of the resulting human interaction, its qualitative outcomes play a much bigger role (Krivonos & Knapp, 1975).

One of the most critical aspects of human greeting is eye contact. This is because it is one of the primary methods of non-verbal communication and its importance lies in the fact that this type of communication is what initiates a verbal greeting. Furthermore, eye contact is also the primary medium of non-verbal communication during the first four minutes of meeting a new person (Zunin & Zunin, 1973). Another non-verbal cue which also takes great importance in greeting is a smile, research showing that in fact, eye contact and a smile are the most frequently positively received greeting behaviours beyond any spoken greeting (Barger & Grandey, 2006; Kuslivan, 2003).

However, spoken greetings should also be considered. A study carried out by McAleer, Todorov, & Belin (2014) has shown that subjects were in high agreement when forming first impressions of a person based on voice samples. The findings have shown that aspects of valence (pitch variation) and dominance (stable parameters) in the voice allow for the impression of various traits regardless of the gender of the speaker. However, it has also been found that male voices were seen as more attractive when the

trait of strength was perceived (dominance aspect) and female voices were seen as more attractive when the trait of warmth and trustworthiness was perceived (valence aspect). A similar study carried out has shown that in order to portray trust and friendliness in the voice, the pitch must rise quickly at the end of a word (Ponsot, Burred, Belin, & Aucouturier, 2018). This allows us to assume that in a retail setting, in order to transmit the positive feelings of trust and friendliness onto customers, the aspect of valence should be put into use.

This allows us to sum up the greeting ritual into two elements – a non-verbal initiation by eye contact and a smile, followed by verbal continuation using the vocal aspect of valence. However, a question which remains is what exactly should be said during the verbal part of a greeting in order to generate a positive effect. Krivonos's & Knapp's (1975) research has shown that two of the most frequently used, effective verbal greeting methods are verbal salutes and personal inquiries. The verbal salute would include a phrase acknowledging the other person such as "Hello!" or "Good Morning!", while the personal inquiry would include a phrase indicating concern for the other person such as "How are you?". However, it must also be acknowledged that this may differ across cultures as while the concept of a verbal salute and personal inquiry is effective to human nature, the particular personal inquiry of "How are you?" is not common in Lithuania if the two parties are not friends (Kniūkšta, 2004).

More recent studies support this sequence, stating that the most money-making greetings include a verbal salute and personal inquiry, for instance, "Hi, have you been here before?" or "Hi, welcome/welcome back!", including their name, if the customer is frequent (Mowatt, 2018). Nevertheless, the availability of time should be taken into account when greeting as phrases including questions have been found to be more effective in time-free situations, while time-bound situations would allow a simple verbal salute such as "Good Afternoon" to be well-received (Shabeeb & Jibreen, 2010). A common mistake pointed out is the question of "Can I help you?", which most frequently generates the response of "No thank you, just looking around" by the customer, which can actually be damaging due to the customer reinforcing the idea that they are just looking around even if they did come to the store with the intention to buy. Thus, it has been found that switching from this type of greeting to a warmer and more personal, yet non-pressuring greeting has been successful in increasing sales by 16% (Mowatt, 2018).

2.6 Greeting at the entrance

The authors expect that the underlying value in having the employee greet the customer at the entrance of a store specifically, rather than by a salesperson during the duration of their shopping experience, comes from two complementary dimensions. The first dimension, labelled as *Importance* would mean that a customer greeted at the door personally would feel an increased sense of individual importance and customer satisfaction due to receiving personal attention as soon as they enter the store (before beginning their shopping), succeeded by a more intimate experience (Finn et al., 2009) which could potentially translate to higher customer expenditure. The importance dimension could also potentially arise due to the existing association of being welcomed inside with luxury customer service (luxury hotels, restaurants, and stores) (Som & Blanckaert, 2015), however this effect is expected to diminish as more stores welcome their customers inside the store (Minemyer, 2016; Widiyani, 2018).

The second dimension the authors expect to influence the amount of money spent in-store is labelled as *Redirected Attention*, which can be explained by the behavioural phenomenon of stimulus overload. People today have a tendency to put on perceptual blinders, blocking out a portion of external environmental stimuli in order to achieve daily goals. For instance, the human brain's inability to actively multi-task would mean that a customer using their mobile phone throughout their shopping duration could block out potentially valuable exploratory behaviour in-store as well as in-store marketing stimuli (Grewal, Ahlbom, Beitelspacher, Noble, & Nordfält, 2018; Sherrod & Downs, 1974). However, a personal greeting at the entrance of the store may redirect their attention to the actual task at hand – shopping, which could potentially translate to higher customer expenditure. As people tend to reciprocate on pleasant behaviour, a friendly welcome may in turn also lead customers to appreciate the following retail experience more than if they were to walk into the store without a welcome (Pugh, 2001). As a result of the preceding concepts, the authors further suggest the following hypotheses:

H1 – The presence of a greeting employee in a retail environment produces higher customer expenditure in monetary terms (total sum spent) than the absence of a greeting employee.

H2- The presence of a greeting employee in a retail environment produces higher customer expenditure in numerical terms (number of items bought) than the absence of a greeting employee.

Furthermore, the increasing number of stores who are hiring greeting employees seems to suggest that there is an existing value behind this choice (Anderson, 2016). For instance, U.S company AT&T aims to achieve exceptional customer service by pronouncing a common policy of greeting customers within ten feet and within ten seconds of entering the store, a policy which since then has been adopted by other stores (C. Gallo, 2011). Warby Parker, another U.S company, believes that hiring greeting employees (named “anchors” in the store) is a vital part of making the customer feel comfortable in-store (M. Solomon, 2016).

Finally, the authors expect that it is crucial to place greeting employees at the entrance of stores based on the assumption that if the greeting can have a positive impact on the customer, this positive impact should be experienced at the entrance of the store due to the fact that the beginning and end of a customer's retail experience have the biggest impact on a customer's memory of experience (Solomon, 2018).

3. Methodology

In order to find out whether the purchasing habits of customers differ in the presence of a greeting employee, the authors have used a quantitative research method. The hypotheses were tested using a quasi-experimental field study method in three retail chain stores. A quasi-experimental method was chosen because it allows conducting an empirical study in a natural environment with the possibility to control the treatment variable. Field quasi-experiments pose an advantage of establishing internal validity by having control over the selection of treatment (Humphreys & Weinstein, 2009). Thus, the chosen method allows testing for the mere presence of a greeting employee using a customer exposure to stimulus versus no stimulus design.

A similar research method was chosen by Otterbring and Ringler (2018), where a study was performed on the effects of intrasexual competition in male customers with respect to their purchasing habits and in the research of Simester et al (2009), where dynamic advertising effects were investigated. While in Simester's et al (2009) research, the experimental manipulation in a field setting was sending out catalogues to either high or low advertising groups, Otterbring and Ringler (2018) used an experimental manipulation to have entering customers either in the presence or absence of a physically dominating male employee at the store entrance.

3.1 Field Studies

The main goal of the three studies was to compare the average expenditure per visit of customers (and the number of items bought) in the presence vs. absence of an employee at the entrance of the store, where an employee greets customers coming inside the store specifically. The studies were conducted at three retail stores in Vilnius, Lithuania: Company "X", a "drug-store" type cosmetics retailer focusing on a wide product assortment; Company "Y", a "boutique" type of store selling socks and tights at a moderate price range suited for the broad customer base; Company "Z", a jewellery retailer that operates in the fine jewellery market, albeit in the affordable segment. All customers who were exposed to the two distinct conditions were included in the sample, even if they left the store without purchasing anything (except in the case of Company "X", where it was not possible to record such information). From the studies, the authors were able to analyse the results individually and infer whether these distinct segments differ in their reactions towards the study treatment.

The number of participants in the stores varied, coming to 326 in the first study (“X”), 138 in the second study (“Y”) and 98 in the third study (“Z”). Data collection was arranged to take place in the same respective stores, on two subsequent Fridays (17:00-20:45 with breaks) during the first study, on two subsequent Saturdays (14:00-19:00 with breaks) during the second study and on two subsequent Sundays (14:00-20:00 with breaks) during the third study. This method of data collection was chosen in order to balance the two conditions by ensuring that all experiment days were exposed to the same circumstances, as the authors were informed that different types of customers visit the stores on different days of the week, at different times and at different locations. The experiments were run during two consecutive weekends as this was the maximum allowed by existing time and cost constraints, as well as the fact that in-store promotions change every couple of weeks. Furthermore, test and control periods were separated by weekends to keep all studies consistent, as Company ‘Z’ was only able to provide a greeting employee for one experiment day. Timing was chosen by peak hours on the given day to secure a maximum number of participants. In addition, it was confirmed that during the time period of the studies, the same promotion strategies or in-store offers were applicable.

3.2 Procedure of the Studies

Research in Company “X”, Company “Y” and Company “Z” was performed by applying a field study method that uses a 1 (customer expenditure: total sum spent, or total items bought) x 2 (greeting employee: present, absent) quasi-experimental between-subjects design. During the studies, customers who were exposed to the greeting employee present condition entered the store with a greeting from the employee at the entrance. The customers then proceeded to carry out their shopping experience in the natural retail environment. The customers who were exposed to the greeting employee absent condition entered the store without an employee standing at the entrance and without being greeted, then proceeding to carry out their shopping experience. During both conditions, other staff members engaged in typical employee conduct. Customers in both conditions were unaware that an experiment was taking place.

3.3 Greeting Employee Conduct

To ensure that greeting biases are limited, it is fundamental to understand the key principles of greeting customers and to follow them precisely with every customer to guarantee that all of the study participants are treated in an equal manner. Based on the research papers by Zunin & Zunin (1973), Barger & Grandey (2006) and Kusluvan (2003), it is vital to initially develop non-verbal cues in order to make a connection with the customer. The first step was to make eye contact with the customer, which was then followed by a smile from the greeting employee. Scrupulous attention was also paid to the greeting employee's verbal communication. According to the research of Krivonos & Knapp (1975) and Mowatt (2018), to make communication effective, it is vital to include a verbal salute and a personal inquiry. However, considering the time-bound nature of the situation (Shabeeb & Jibreen, 2010) and the fact that it is not typical to make personal inquiries between two unfamiliar parties in Lithuania (Kniūkšta, 2004), this approach was reconsidered. Furthermore, following from discussions with experts from the respective companies, the authors decided to employ a fitting verbal salute. Therefore, the greeting employee in this research used the words "Good Afternoon/Evening!", which is a typical verbal salute in Lithuania (Kniūkšta, 2004). Finally, the greeting employee rose the tone of his voice slightly at the end of each word to indicate trust and friendliness to the visitor of the store (Ponsot et al., 2018).

3.4 Data Collection

In the first store, data was collected using the cash register of the company. In order to approximate the number of males and females participating in the sample, customer receipts, as well as data from the company's CRM loyalty cards, were used. In the second and third stores, data was collected through covert observation. The observer was sitting in a designated area behind the store's cash counter with a notebook computer to ensure customers had no possibility of seeing what was being recorded. In the computer, the observer recorded the customer's demographic features, total sum spent, and the number of items bought, including customers who left the store without purchasing anything. This method ensured the objectivity of the study as there was no danger of participants noticing researchers providing questionnaires to other clients in the store. This method also did not interrupt the customers, maintaining a natural shopping environment and allowing a bigger sample size as not all customers would be willing to participate in the study.

3.5 Data Analysis

The authors used one-way Analysis of Variance (ANOVA) and Kruskal Wallis-H test methods, both typically applied when measuring the difference in means between two groups in a sample (Otterbring et al., 2018). The tests were performed on the consumption variable (the total sum spent, and the number of items bought) including all customers who entered the store in the sample (even if no purchases were made) in order to determine whether there are any statistically significant differences between the means of the two independent groups (group 1 exposed to the greeting employee and group 2 not exposed to the greeting employee). In the studies, the dependent variables were the total sum spent while shopping and the number of items bought, while the independent variable was the greeting employee.

By applying ANOVA and the Kruskal-Wallis H-test using STATA software, the authors were able to compare the means between the two groups receiving different treatment with the null hypothesis for the tests stating no significant difference in means ($H_0 = \mu_1 = \mu_2$). This indicated whether there is a statistically significant relationship between the independent variable and the treatment factor and thus the authors were able to observe whether the greeting employee had a positive effect on the customer's purchasing habits. When using the ANOVA test, it is important to ensure that the comparison groups have equal variance. If this assumption is violated, it could lead to either to the underestimation or overestimation of the significance level. While the ANOVA test is robust to normality when the sizes of the comparison groups are relatively small, it is important to make sure that the data is not platykurtic as this could lead to misleading results. The Kruskal Wallis-H test does not assume that data comes from a particular distribution, being non-parametric in nature (McDougall & Rayner, 2007).

3.6 Validity of the Results

To ensure that the obtained results from the quasi-experiments are valid (the independent variable consumption is affected by the indicator "greeting employee") and endogeneity problems are not present, it is important to note that the authors have performed their investigation by varying the treatment variable for two groups of participants. The store environment guaranteed that customers interact with the store environment naturally and perform actual market transactions (Simester et al., 2009). As the employee of the store greeted customers by using an identical welcome for all

clients, all other varying factors were under control. The experimental manipulation (absence vs. presence) is thus an exogenous variation which does not cause endogeneity concerns as both groups of participants (exposed to presence vs. absence of the greeting employee) were subject to a similar environment encompassing the same possible random events (same store, the day of the week and time). This allows to compare the results of both groups and make valid conclusions (Simester, Hu, Brynjolffson, Anderson, 2009).

3.7 Limitations

Notably, the performed studies are constrained by the borders of Lithuania, meaning the results cannot be generalized to other countries as they might differ depending on the cultural norms of individuals as well as the retail store service culture. Another concern is that the greeting employee might not have treated all customers in an equal manner. However, by ensuring that the precise steps of greeting were followed through, the authors believe that any deviations from the expected behaviour of the greeting employee were overcome.

Additionally, there is still a risk to face endogeneity problems, which could happen when variables affecting the dependent variable are not included in the regression. For instance, as two distinct periods of time were compared, seasonality differences (e.g. weather, certain holidays) between the two consecutive weekends could have affected the results. While no significant holidays were present and the weather remained constant during the two weekends on which the first two studies took place, the results of the third study may have been affected by the fact that the greeting employee absent condition took place on the weekend right before Valentine's Day. While both weekends held Valentine's Day in-store promotions, it is still a considerable limitation to the study and therefore the results obtained from Company "Z" should be evaluated with caution. It should also be acknowledged that as the studies took place in a live retail setting, all possible effects which may have influenced the outcome (such as customers coming in alone or with friends or family) could not be fully controlled. Still, as previously mentioned, the ongoing experimental manipulation was an exogenous variation, therefore, by affecting both situations (presence vs. absence) with the same factors as well as possibilities of random external events, endogeneity problems are expected to have been overcome.

Another limitation to the study is the restriction concerning data availability in Company “X”, where it was not possible to record the total number of participants who were exposed to the experiment conditions (walked into the store in the presence vs. absence of greeting employee) but left without making any purchases. As a result, there is a chance that the results obtained would have been different if all customers subject to the performed experiment were included in the sample. The authors were not able to document this information as the covert observation method (which was used to record the data) was against company conduct. However, the analysis performed in Companies “Y” and “Z” revealed that the effect remains with the exclusion of participants who have made no purchasing transactions and is only reinforced with the inclusion of all customers who were exposed to the two conditions.

The final concern was that as greeting employees are a novel/rare practice in Lithuania, some customers might be dissatisfied with the greeting employee not helping customers inside the store when he/she is unoccupied. This could lead to the reduced satisfaction of the customer’s shopping experience. However, it was ensured that the greeting employees wore a “trainee” badge to reduce expectations of elevated service.

4. Results and Discussion

4.1 STUDY 1: Company “X”

The first study was completed in a “drug-store” type of cosmetics retailer focusing on a wide product assortment. The sample participating in Study 1 consisted of 326 customers of which approximately 80% were women, representing the true population. The study took place on two subsequent Fridays. Data was collected from the retailer’s cash register, including only the customers who have made purchasing transactions during the designated time period.

A one-way ANOVA method was applied to the data in order to test the defined hypotheses. The data were transformed using natural logarithms before running the one-way ANOVA test to ensure that the data complies with the prerequisite assumptions of homogeneity of variances and normality as well as to correct for extreme values. One outlier remained and was removed from the dataset. The test was then used on the two different dependent variables to determine whether the total sum spent by customers and the total number of items bought were influenced by the presence vs. absence of a greeting employee. The participants in the study were classified into two different groups: Greeting Employee Present Condition (n=152) and the Greeting Employee Absent Condition (n=173).

In support of the hypothesis that the presence of a greeting employee in a retail environment will produce higher customer expenditure in monetary terms (total sum spent) vs. the absence of a greeting employee (**H1**), the authors have found a significant difference between the groups in the log of the data at a 90% confidence interval ($F(1,323) = 2.75, p^* = 0.0981$). Thus, it can be concluded that customers spent approximately 17.2% more money in the presence of a greeting employee (M=11.71€) than in the absence of a greeting employee (M=9.99€) (see Appendix A).

In order to test for the hypothesis that the presence of a greeting employee in a retail environment will produce a higher customer expenditure in numerical terms (number of items bought) vs. the absence of a greeting employee (**H2**), the data was transformed using natural logarithm due to failure to satisfy the normality and homogeneity of variances assumptions. Following the log transformation, the number of items bought still failed to satisfy the normality assumption. However, it has been previously found that a one-way ANOVA test is robust against the normality violation (Rayner, 2003). Nevertheless, a non-parametric Kruskal-Wallis H test was performed

on the log-transformed data as it does not require the assumption of normality. While a present greeting employee in Study 1 has yielded a higher log of mean in numerical terms (see Table 1), the results of the one-way ANOVA reject the null hypothesis that there is a statistical difference in the total number of items bought in the presence (M=3.31) vs. the absence (M=2.96) of a greeting employee ($F(1,323) = 0.84, p=0.3600$). Similarly, the Kruskal-Wallis H test with ties has revealed that there is no significant difference between the groups in the log of the data ($\chi^2(1) = 0.523, p = 0.4697$).

The results of Study 1 show that when customers were welcomed by a greeting employee at the entrance of the store, they spent a higher amount in monetary terms (total sum spent) than those customers who entered the store in the absence of a greeting employee. However, no significant difference was found in the number of items bought between the two conditions. Thus, as discussed in the theoretical framework, it can be assumed that the combined effects of *Importance* and *Redirected Attention* have influenced the total amount of money spent in-store. The effects may have also allowed for exploratory behaviour which resulted not necessarily in a higher number of items bought but rather allowed for consideration of items which cost more than the average purchase.

After analysing customer receipts, the authors were also able to derive additional information on the type of products which were visibly most commonly purchased during the two conditions. While both conditions were abundant in transactions involving personal hygiene and skincare products (shampoo, tooth paste, cleansers), the authors found that during the greeting employee present condition, items such as makeup, perfume, hair brushes and accessories were more often observed to be bought. Although the authors were unable to measure the change in likelihood to make a purchase in Study 1, it can be observed from the sample that more purchases were made during the greeting employee absent condition, during the given time. While it cannot be stated that this translates to decreased likelihood to buy when a greeting employee is standing at the entrance, due to inability to record the total amount of customers entering the store, it is worthwhile to consider that in some cases, a visible employee at the entrance may discourage some customers from entering the store.

4.2 STUDY 2: Company “Y”

The second study was carried out at a “boutique” type of store specializing in socks and tights. A total of 138 customers (of whom 59.4% were female) participated in the field study, including 89 customers who made no purchases but were exposed to the two conditions. The number of visitors who walked out of the store without buying anything dropped by 18% when the greeting employee was present. The quasi-experimental study was performed on two subsequent Saturdays and data was collected by covert observation in-store.

Initially, it was tested whether there is a significant difference with respect to the mean of expenditure in monetary terms (total sum spent) between the two comparison groups (**H1**). The collected data were transformed using the inverse of total sum spent plus one, in order to account for heteroscedasticity issues as well as for extreme values. A Bartlett’s test was performed on the inverse of the data which indicated that the sample satisfies the assumption for homogeneity of variances. However, a graphical representation still failed to satisfy the normal distribution assumption. While the ANOVA test is robust to normality, a Kruskal-Wallis H test was also used to ensure the robustness of results.

The ANOVA test revealed that the difference between the customer expenditure of the two comparison groups is statistically significant ($F(1,136) = 4.48, p^{**} = 0.0361$) in the inverse of the data. The authors found that the group exposed to the greeting employee condition ($n=70$) produced a higher expenditure mean ($M=6.87$) than the absent greeting employee condition ($n=68$) ($M=2.14$) (see Appendix A). As a result, it can be concluded that the customer in the greeting employee present condition spent, on average, 321.02% more than the customer who was not greeted by the employee. After analysing the difference between the results obtained when the data sample only included customers who have purchased items, the authors have observed that the higher likelihood to purchase increases the effect of higher customer expenditure by 34.9%. A Kruskal-Wallis H test with ties on the untransformed data further revealed that there is a significant difference between the two conditions ($\chi^2(1) = 5.806, p^{**} = 0.0160$)

In order to test the hypothesis whether customers have higher expenditure in numerical terms (number of items bought) per transaction in the presence vs. absence of a greeting employee (**H2**), a Kruskal-Wallis H test was used. This was due to the fact that even after transforming the data, performed tests indicated that the two groups did

not pose homogeneity of variance. The Kruskal-Wallis H test with ties showed that there is a significant difference between the two groups ($\chi^2(1) = 4.632, p^{**} = 0.0314$) in the data and that the group which has been exposed to the greeting employee bought more items ($M=0.99$) than the group which was not exposed to the employee ($M=0.41$) per transaction (see Appendix B). In addition, the higher likelihood to buy increased the effect by 76.35%.

The outcome of Study 2 has revealed that both hypotheses have been confirmed by the statistical results (see Table 1), indicating that a greeting employee standing at the entrance has a significant effect on the customer's purchasing behaviour in both monetary and numerical terms. In the presence of a greeting employee, customers will not only be more likely to purchase more expensive items but also to buy a higher number of items, as expected through the combined complementary effects of Importance and Redirected Attention analysed in the theoretical framework, both effects enhanced by the increased likeliness to purchase. As the size of the shop is small, the greeting employee may be able to make the customer feel more important by projecting an increased sense of personal attention as well as by redirecting their attention to the act of shopping itself more effectively, leading to increased interaction with the in-store environment.

4.3 STUDY 3: Company “Z”

The third study was completed in a jewellery retailer that operates in the affordable segment of the fine jewellery market. The study consisted of 98 subjects (of whom 58.1% were female) taking place on two subsequent Sundays and including 31 customers who made a purchase. In addition, the number of clients who left the store without purchasing anything decreased by 40% in the presence of a greeting employee. Data was collected through covert observation method.

A one-way ANOVA test was run on the total sum spent variable. As in Study 2, the data failed to comply with the normality assumption, as the data was skewed in a similar manner (the majority of customers spent smaller amounts of money). The results of the one-way ANOVA have rejected the null hypothesis ($F(1,96) = 0.67, p = 0.4136$) that there is a difference in customer expenditure in monetary terms (**H1**) between the presence of the greeting employee ($n=40$) ($M=30.48$) and the absence of the greeting employee ($n=58$) ($M=22.91$). A Kruskal-Wallis H test also rejected the null hypothesis ($\chi^2(1) = 0.879, p = 0.3484$).

In order to test the second hypothesis (that the presence of a greeting employee in a retail environment produces higher customer expenditure in numerical terms (number of items bought) than the absence of a greeting employee) (**H2**), a one-way ANOVA test was run on the log of the data plus one. While the data also did not comply with the normality assumption, a Skewness-Kurtosis test could not reject the hypothesis of normal kurtosis for the data. The results have shown that the null hypothesis can once again be rejected, meaning no statistically significant difference between the two conditions ($F(1,96) = 1.11, p = 0.2943$). Similarly, a Kruskal-Wallis H test on the data showed no statistical difference between the greeting employee present condition (M=0.68) and the greeting employee absent condition (M=0.45) ($\chi^2(1) = 1.025, p = 0.3113$).

The results show that contrary to the authors' expectations, the third store did not experience a significant positive impact of a greeting employee. This meant that when customers entered the store with a greeting from an employee, they did not have higher expenditure (in monetary nor numerical terms) than when they entered the store without a greeting employee at the entrance. Consequently, it appears that the predicted theoretical effects of *Importance* and *Redirected Attention* may have either not succeeded in working or have been already in place. For instance, as Company "Z" poses an exceptional design in comparison to Companies "X", "Y" and employees dressed in smart wear attend to customers individually from the moment they enter the store to the moment they leave, the *Importance* and *Redirected Attention* dimensions may have very well been in place even in the absence of a greeting employee. However, it must still be taken into account that the results could have also been affected by the closely coming up Valentine's Day during the greeting employee absent condition, as although the results were statistically insignificant, the greeting employee present condition has yielded higher means in both dependent variables (see Table 1).

Table 1. Study Results

Study	Participants	Independent Variable	Dependent Variable	Means	
<i>Study 1</i>	326 customers (80% female)	Greeting	Log of Total Sum Spent*	Absent	Present
				1.93	2.09
		Employee	Log of Number of Items Bought	Absent	Present
				0.82	0.89
<i>Study 2</i>	138 customers (59.4% female)	Greeting	Inverse of Total Sum Spent+1**	Absent	Present
				0.77	0.62
		Employee	Number of Items Bought**	Absent	Present
				0.41	0.99
<i>Study 3</i>	98 customers (58.1% female)	Greeting	Total Sum Spent	Absent	Present
				22.91	30.48
		Employee	Log of Number of Items Bought+1	Absent	Present
				0.26	0.36

Note: **Inverse** – as the inverse of the data was taken, the value for Absent is higher than for Present, while true data shows the opposite relationship, *= p<0.1, **=p<0.05, ***=p<0.01

Source: Made by the authors

5. General Discussion

To answer the research question, the authors can confirm that in two out of three cases, a greeting employee has had a significant positive impact on customer purchasing behaviour. The authors show that by greeting customers at the entrance, stores can motivate customers to spend more money. The authors also find that smaller stores are able to influence customers to buy a higher number of items. Consistent with previous research (Hu & Jasper, 2018; Söderlund, 2016), the authors confirm that social interaction is still greatly valued by consumers and it is one of the key factors contributing to the positive experience of the customer during the in-store experience and consequently, to the financial performance of the company.

With respect to the first hypothesis (that the presence of a greeting employee in a retail environment produces higher customer expenditure in monetary terms (total sum spent) than the absence of a greeting employee) (**H1**), the studies performed in Companies “X”, “Y” and “Z” revealed that while it is commonly expected that a greeting employee could be associated with luxury service (stores which sell higher-end goods) and therefore, the impact of the greeting employee should be effective in such stores, the studies of this research revealed the opposite effect. While Company “Z” cannot be assigned to the high-end segment (being in the affordable segment), fine jewellery is still considered to be a luxury good (Sanguanpiyapan & Jasper, 2010). Therefore, by greeting employees at the entrance of Company “Z”, one could expect to observe an increase in expenditure due to association with enhanced luxury customer service (Minemyer, 2016; Widiyani, 2018), as predicted by the *Importance* dimension. However, the results revealed that there is no significant difference in the purchasing behaviour of the customer in both monetary and numerical terms between the two conditions.

While these results should be considered with caution due to the possible influence of Valentine’s Day during the greeting employee absent condition (meaning customers could have been more likely to spend higher amounts in-store), possible explanations for the lack of effect also exist. The reasoning behind this could be in the fact that paying personal attention to the customer in Company “Z” is a common practice. As soon as the customer enters the small store (built with a high-quality design concept and attractive elements), they are immediately welcomed by the employee staff (dressed in smart wear), consequently creating a sense of importance as well as a more intimate experience for the customer, accounting for the *Importance* dimension. The

employee then continues to pay extensive attention to the customer from the beginning to the end of the buying process (Sanguanpiyapan & Jasper, 2010). Hence, the act of greeting the customer at the entrance may not add much value for the rest of the shopping experience as customers already sense the increased attention directed towards them throughout their stay. The opposite behaviour could have been observed in Company "X", where the customer is typically only greeted at the last step of the buying process – at the purchasing transaction; or at Company "Y" – where the small store does not pose an exceptional design and contact occurs either in need of recommendations or at the final stage of the shopping process. Therefore, a greeting employee in these stores resulted in increased personal attention and intimacy, consequently making the consumer feel more important. In addition, it was observed that when entering store "Z", most customers already had in mind what they wanted to buy (i.e. a pair of earrings) and were concentrated on making an informed choice with the assistant's help rather than engaging in independent exploratory behaviour as predicted by the *Redirected Attention* dimension.

On the other hand, when customers entered retailer "X", they were often observed to be using their phone and were not fully concentrating on the items that were being sold in-store. By welcoming the customer walking in, greeting employees are able to distract customer's blocking out of stimuli, resulting in customers paying more attention to the in-store experience and considering more expensive items (Pugh, 2001).

Regarding the second hypothesis (that the presence of a greeting employee in a retail environment produces higher customer expenditure in numerical terms (number of items bought) than the absence of a greeting employee) (**H2**), the authors have found that while in Company "X" and Company "Z", the number of items bought did not change significantly in the presence vs. the absence of a greeting employee, a marginal effect was discovered with Company "Y". The reasoning behind this could potentially lie in the strength of the *Redirected Attention* effect, which encourages exploratory behaviour in-store. For instance, as Company "X" is a much larger store than Company "Y", the effect may diminish with time as customers may resort back to activities such as checking their phone while browsing throughout the large store.

On the other hand, as Company "Y" is a boutique type of store, customers greeted at the entrance could be affected at a higher level due to the small space and continuous close-by presence of the greeting employee, thus paying more attention to the products and engaging in exploratory behaviour. With respect to Company "Z",

selling fine jewellery at affordable prices (where the effect with respect to the number of items was not significant), one can again consider that a large number of customers enter the store with something particular to pick out from a number of informed choices. Therefore, the number of items that customers buy during the visit remains more or less constant. On the contrary, in Company “X” and Company “Y”, the goods sold are considered to be normal goods of which it is typical to consider a higher amount.

5.1 Implications of Research

The authors believe that the implications of this research extend to both the theoretical and the retail domains. In terms of the theoretical domain, while previous papers have focused on the influence of in-store employees on consumer expenditure, this is one of the first few papers to consider the effect of the mere presence of an employee whose main responsibility is to greet customers inside the store. Thus, this paper contributes to the physical in-store consumer literature by revealing the significant impact of the presence of a greeting employee on customer purchasing habits. The factors explaining this impact include the customer’s elevated sense of importance and intimacy with the shopping environment as well as the redirected attention towards the store, encouraging exploratory behaviour. Therefore, the existing literature can benefit from the finding that in the mere presence of a greeting employee at the entrance of a store, customers will have higher in-store expenditure in certain types of stores.

The retail domain could benefit from this research as the findings have the potential to provide stores with a method to increase sales. This is particularly important for retail stores who are currently threatened by the competitive environment against digital commerce. However, while the phenomenon of greeting employees exists elsewhere, it must be taken into consideration that Lithuanian retail stores, in particular, could benefit from this practice due to the fact that Lithuanian customers are likely to be more sensitive to this approach (R. Janužytė, 2018) as well as the fact that the studies actually took place in Lithuania. The results of this paper would encourage large retail stores to hire greeting employees as already seen in a number of stores worldwide.

The findings also imply that in the case of a large retail store, customers who were greeted by an employee at the entrance may be likely to consider products which cost more than the average item and are not necessity goods, thus such items should be visible and easily accessible. However, in the case of a smaller retail store, customers

may also be willing to pick up a higher number of items. Furthermore, it should be considered that while hiring a greeting employee may have value-creating potential for large retail stores or chains, small, boutique type of stores could implement this method through, for example, having one existing employee stand at the entrance (unless their service is required by a customer) and one at the cash register. If only one employee is present, the employee could consider welcoming customers inside at the store entrance while the store is empty or at least greeting every customer as soon as they enter the store to redirect their attention towards in-store exploratory behaviour. Nevertheless, boutiques could still benefit from hiring a greeting employee as the positive effect found was at a higher significance level for a boutique than a large retail store. This could be explained by the more intimate shopping experience being enhanced through an equally intimate shopping environment.

Further considering the aspect of the size of the store, the authors would like to point out that while Company “Y” and Company “Z” are both smaller stores, only one of them experienced the significant positive impact of a greeting employee. These findings possibly imply that where the small store offers some type of luxury service and consequently already covers both the *Importance* and *Redirected Attention* dimensions, the decision of hiring a greeting employee should be approached with caution and further research should be carried out to overcome the limitations of the results of Study 3. However, if a luxury store is large enough (meaning customers are not always acknowledged at the point of entry), a greeting employee could be an effective way to increase customer expenditure in such a store.

5.2 Cost-benefit analysis

The authors performed a cost-benefit analysis to determine the value of the investment (greeting employee) against the costs of implementing this decision. To estimate the gain or loss obtained from the investment, the measure of Return on Investment (ROI) was used. Due to information availability constraints, the data required for the cost – benefit analysis was taken from Company “X” (which represents a large retail store), and Company “Y” (which illustrates a small “boutique” type of store). The following assumptions were made: The store is open for twelve hours a day; however, the greeting employee is only employed for eight hours due to a limited number of visitors during the store’s first and final working hours. Due to recent changes in the tax system, the employer’s tax now stands at 1.79% of the employer’s

monthly salary (Naprys, 2018). The administrative costs stand at 10.4% (Darbo Sanaudu Indeksas, 2019) Finally, the employee would earn the average sales representative salary, which stands at 628 Euro (Mano Alga, 2019).

As previously mentioned, the field experiments performed in these two stores have shown that in Company “X”, customer expenditure in monetary terms increased by 17.2%, whereas in Company “Y” the difference in expenditure stands at the increase of 312.02%. After performing the analysis (see Table 2), the authors have found that in the case of a large retail store, the ROI stands at 329.1%. With respect to a small boutique, the ROI comes to 329.6%, which shows that the money generated from the investment exceeds the money invested approximately 3.3 times. The authors have also found that in order to break even, a large retail store needs to increase its sales by 0.5%, and by 6% in the case of a small boutique store. The analysis illustrates that the authors’ findings have a potential to provide store managers with a method to increase sales. It is also important to note that for a smaller boutique store, the investment of a greeting employee proves to be a higher risk decision because the store needs to have a higher increase in sales than a larger retail store. Nevertheless, both types of stores could consider the possibility of hiring a greeting employee as an effective method to increase customer expenditure.

Table 2. Cost-benefit analysis

	Company “X”	Company “Y”
	<i>Total sum spent</i>	<i>Total sum spent</i>
Gross Profit Margin	14.4%	14.0%
Monthly Gross Profit without a greeting employee (in €)	20,219.40	1,642.74
Monthly Gross Profit with a greeting employee (in €)	22,537.87	3,964.69
Total Monthly Gain in Gross Profit (in €)	2,318.49	2,321.95
Salary (in €)	628.00	628.00
Labour Tax (1.79% of the monthly salary) (in €)	11.24	11.24
Administrative Costs (10.4% of salary) (in €)	65.31	65.31
Total expenses (in €)	704.56	704.56
ROI	329.1%	329.6%

Source: Made by the authors using information from the individual companies, (Lopez, 2016), (Naprys, 2018), Oficialiosios Statistikos Portelas (2019), Mano Alga (2019).

6. Conclusion

The aim of this research paper was to analyse the impact of a greeting employee on the customer's expenditure in both numerical and monetary terms. A quasi-experimental field study was used to determine the difference in the total amount of money spent and number of items sold in the presence versus the absence of a greeting employee.

This research revealed that by greeting customers at the entrance of a store, in two out of three cases, stores were able to increase customer expenditure by facilitating the purchase of more expensive products as well as a higher number of items. The stores were able to achieve this through the customer's elevated sense of importance throughout the shopping experience as well as the redirected attention towards the in-store environment, supporting exploratory behaviour. The authors also found that if these two dimensions are already employed, a greeting employee will not bring any additional value to the customer's purchasing behaviour. This research paper confirms that social interaction is still a fundamental factor determining customer's in-store experience and is significantly appreciated among physical in-store customers.

The results are believed to be of considerable importance to marketing specialists that aim to enhance the physical in-store experience, especially in the presence of growing digital commerce which makes the current physical retail environment extremely competitive. As the research paper only studies the effect of the mere presence of a greeting employee on the customer's purchasing behaviour using a stimulus versus no stimulus design, for future research, other greeting employee attributes such as appearance, friendliness, age or gender of the greeting employee could be examined to detect if they are important factors in determining the level of the impact that a greeting employee can have on customers' purchasing behaviour. While dominating male features have been found to have an increased effect, female attributes of attractiveness have not yet been researched. The authors also suggest examining how other in-store variables (such as the store's layout, level of interactivity, digital aspects) could affect the physical in-store experience. Finally, as this research paper studied greeting employees who stand at the entrance inside of the store, the authors believe that a greeting employee standing outside of the store could impact customer purchasing behaviour differently.

7. References

- Anderson, E. W., Fornell, C., & Rust, R. T. (1997). Customer Satisfaction, Productivity, and Profitability: Differences Between Goods and Services. *Marketing Science*, 16(2), 129–145. <https://doi.org/10.1287/mksc.16.2.129>
- Anderson, G. (2016, May 11). (Big Smiley Face) Walmart Brings Back Greeters. Retrieved from <https://www.forbes.com/sites/retailwire/2016/05/11/big-smiley-face-walmart-brings-back-greeters/#63db8e566d55>
- Baker, J., Levy, M., & Grewal, D. (1992). An experimental approach to making retail store environment decisions. *Journal of Retailing*, 4(68), 445–460.
- Barger, P. B., & Grandey, A. A. (2017). Service with a Smile and Encounter Satisfaction: Emotional Contagion and Appraisal Mechanisms. *The Academy of Management Journal*, 49(6), 1229–1238. <https://doi.org/10.2307/20159829>
- Baumeister, R. F., & Leary, M. R. (1995). The Need to Belong: Desire for Interpersonal Attachments as a Fundamental Human Motivation. *Psychological Bulletin*. <https://doi.org/10.1037/0033-2909.117.3.497>
- Carmine Gallo. (2011). The New AT&T Customer Service Experience. *Forbes*. Retrieved from <https://www.forbes.com/sites/carminegallo/2011/10/05/the-new-att-customer-service-experience/#4a70413620ff>
- Coresight Research. (2018). Store Openings And Closures Tracker. Retrieved March 16, 2019, from <https://coresight.com/research/>
- Coresight Research. (2019). *US Store Closures 2019 Outlook: No Light at the End of the Tunnel*. Retrieved from <https://coresight.com/research/us-store-closures-2019-outlook-no-light-at-the-end-of-the-tunnel/>
- Darbo Sąnaudų Indeksas. (2019). Retrieved April 3, 2019, from <https://www.stat.gov.lt/web/lzd/paieska?q=vaiku+globos+namai>
- Dawkins, R. (2006). *The God Delusion*. London: Bantam Press. Retrieved from https://books.google.es/books?id=4do3DAAQBAJ&dq=Dawkins,+2006&hl=en&sa=X&ved=0ahUKEwjn3Obs_6neAhUfKVAKHdNlAN0Q6AEIJzAA
- Finn, A., Wang, L., & Frank, T. (2009). Attribute Perceptions, Customer Satisfaction and Intention to Recommend E-Services. *Journal of Interactive Marketing*, 23(3), 209–220. <https://doi.org/10.1016/j.intmar.2009.04.006>
- Ford, J. B. (2018). What Do We Know About In-Store Marketing? *Journal of Advertising Research*, 58(2), 131–132. <https://doi.org/10.2501/JAR-2018-020>

- Fulgoni, G. M. (2018). Will Digital Commerce and Analytics Be the Death of Traditional Brands? *Journal of Advertising Research*, 58(2), 146–150. <https://doi.org/10.2501/JAR-2018-023>
- Goffman, E. (2005). *Interaction ritual: essays in face-to-face behavior*. Aldine Transaction. Retrieved from [https://books.google.es/books?id=qDhd138pPBAC&printsec=frontcover&dq=Goffman+access+ritual&hl=en&sa=X&ved=0ahUKEwiTxu-pg6reAhUfKVAKHdN1AN0Q6AEIJzAA#v=onepage&q=Goffman access ritual&f=false](https://books.google.es/books?id=qDhd138pPBAC&printsec=frontcover&dq=Goffman+access+ritual&hl=en&sa=X&ved=0ahUKEwiTxu-pg6reAhUfKVAKHdN1AN0Q6AEIJzAA#v=onepage&q=Goffman%20access%20ritual&f=false)
- Goldfarb, A., McDevitt, R. C., Samila, S., & Silverman, B. S. (2015). The Effect of Social Interaction on Economic Transactions: Evidence from Changes in Two Retail Formats. *Management Science*, 61(12), 2963–2981. <https://doi.org/10.1287/mnsc.2014.2030>
- Google Consumer Barometer. (2015). Where did people make their purchase? Retrieved March 17, 2019, from <https://www.consumerbarometer.com/en/graph-builder/?question=S7&filter=country:lithuania>
- Granbois, D. H. (1968). Improving the Study of Customer In-Store Behavior. *Journal of Marketing*, 32(4), 28. <https://doi.org/10.2307/1249334>
- Grewal, D., Ahlbom, C.-P., Beitelspacher, L., Noble, S. M., & Nordfält, J. (2018). In-Store Mobile Phone Use and Customer Shopping Behavior: Evidence from the Field. *Journal of Marketing*, 82(4), 102–126. <https://doi.org/10.1509/jm.17.0277>
- Guerin, B. (1986). Mere presence effects in humans: A review. *Journal of Experimental Social Psychology*, 22(1), 38–77. [https://doi.org/10.1016/0022-1031\(86\)90040-5](https://doi.org/10.1016/0022-1031(86)90040-5)
- Gunawardena, C. N., & Zittle, F. J. (1997). Social presence as a predictor of satisfaction within a computer-mediated conferencing environment. *American Journal of Distance Education*, 11(3), 8–26. <https://doi.org/10.1080/08923649709526970>
- Hu, H., & Jasper, C. R. (2018). Understanding the Shopping Experience and Its Implications for Malls as Marketing Media. *Journal of Advertising Research*, 58(2), 151–164. <https://doi.org/10.2501/JAR-2018-024>
- Humphreys, M., & Weinstein, J. M. (2009). Field Experiments and the Political Economy of Development. *Review in Advance*, 12, 367–378. <https://doi.org/10.1146/annurev.polisci.12.060107.155922>

- Kniūkšta, P. (2004). *Lietuvių kalbos žinynas*. Vilnius. Retrieved from http://www.šaltiniai.info/files/kalba/KM00/Lietuvių_kalbos_žinynas._Kalbos_etiketas.KM1500.pdf
- Krivosos, P. D., & Knapp, M. L. (1975). Initiating communication: What do you say when you say hello? *Central States Speech Journal*, 26(2), 115–125. <https://doi.org/10.1080/10510977509367829>
- Kuslivan, S. (2003). *Managing employee attitudes and behaviors in the tourism and hospitality industry*. Nova Science Publishers. Retrieved from [https://books.google.es/books?id=eQp1t_IHgzwC&pg=PA213&lpg=PA213&dq=Smile+and+eye+contact+++Most+frequent+positively+received+greeting+behaviours+research&source=bl&ots=uLUX6mB_Wp&sig=BAQdgjHs0TLnDQzZfOEm_Kd_yew&hl=en&sa=X&ved=2ahUKEwiQtMvD9KneAhVnKlAKHSJHDxUQ6AEwDXoECAIQAQ#v=onepage&q=Smile and eye contact Most frequent positively received greeting behaviours research&f=false](https://books.google.es/books?id=eQp1t_IHgzwC&pg=PA213&lpg=PA213&dq=Smile+and+eye+contact+++Most+frequent+positively+received+greeting+behaviours+research&source=bl&ots=uLUX6mB_Wp&sig=BAQdgjHs0TLnDQzZfOEm_Kd_yew&hl=en&sa=X&ved=2ahUKEwiQtMvD9KneAhVnKlAKHSJHDxUQ6AEwDXoECAIQAQ#v=onepage&q=Smile+and+eye+contact+Most+frequent+positively+received+greeting+behaviours+research&f=false)
- Lau, R. R., Sears, D. O., & Centers, R. (1979). The “Positivity Bias” in Evaluations of Public Figures: Evidence Against Instrument Artifacts. *Public Opinion Quarterly*, 43(3), 347. <https://doi.org/10.1086/268526>
- Lee, K. M. (2004). Presence, Explicated. *Communication Theory*, 14(1), 27–50. <https://doi.org/10.1111/j.1468-2885.2004.tb00302.x>
- Lehtonen, T.-K., & Mäenpää, P. (1997). Shopping in the East Centre Mall. In *The Shopping Experience* (pp. 136–165). 1 Oliver’s Yard, 55 City Road, London EC1Y 1SP United Kingdom: SAGE Publications Ltd. <https://doi.org/10.4135/9781446216972.n7>
- Lopez, M. A. (2016, October). USA: Will greeters make Penney a more inviting place to shop? *America Retail*. Retrieved from <https://www.america-retail.com/usa/usa-will-greeters-make-penney-a-more-inviting-place-to-shop/>
- Lorentzen, A., Larsen, K. T., & Schrøder, L. (2015). *Spatial dynamics in the experience economy*. Routledge. Retrieved from [https://books.google.co.uk/books?hl=en&lr=&id=CzisCQAAQBAJ&oi=fnd&pg=PA119&dq=experience+economy+shopping&ots=j9bEs-_qsD&sig=eiBWF-4xB2pupdx5fCD7XIIYPGs#v=onepage&q=experience economy shopping&f=false](https://books.google.co.uk/books?hl=en&lr=&id=CzisCQAAQBAJ&oi=fnd&pg=PA119&dq=experience+economy+shopping&ots=j9bEs-_qsD&sig=eiBWF-4xB2pupdx5fCD7XIIYPGs#v=onepage&q=experience+economy+shopping&f=false)

- Lucas, J. (1999). The Critical Shopping Experience. *Marketing Management*, 8(1), 60.
Retrieved from <http://connection.ebscohost.com/c/articles/1755098/critical-shopping-experience>
- Market Insider. (2018, May). In-Store Experiences Attract More Gen Z Shoppers than Online. *Market Insider*. Retrieved from <https://markets.businessinsider.com/news/stocks/in-store-experiences-attract-more-gen-z-shoppers-than-online-1023288084>
- McAlear, P., Todorov, A., & Belin, P. (2014). How Do You Say ‘Hello’? Personality Impressions from Brief Novel Voices. *PLoS ONE*, 9(3).
<https://doi.org/10.1371/journal.pone.0090779>
- McDougall, M. K., & Rayner, G. D. (2007). Robustness to non-normality of various tests for the one-sample location problem. *Journal of Applied Mathematics and Decision Sciences*, 8(4), 235–246. <https://doi.org/10.1155/s117391260400015x>
- McLoughlin, C., & Miura, T. (2017). *True Kaizen : Management’s Role in Improving Work Climate and Culture*. Taylor and Francis. Retrieved from https://books.google.es/books?id=N2Q-DwAAQBAJ&pg=PP124&lpg=PP124&dq=greeting+customers+at+entrance&source=bl&ots=dMqwALsL98&sig=kVkGe2loYBN_2OmPLiYi22HngFc&hl=en&sa=X&ved=2ahUKEwjVmPKB-qbeAhWFaFAKHYPBGo4ChDoATAGegQIAxAB#v=onepage&q=greeting+customers+at+entrance&f=false
- Meuter, M. L., Ostrom, A. L., Roundtree, R. I., & Bitner, M. J. (2000). Self-Service Technologies: Understanding Customer Satisfaction with Technology-Based Service Encounters. *Journal of Marketing*, 64(3), 50–64.
<https://doi.org/10.1509/jmkg.64.3.50.18024>
- Micah Solomon. (2016, May). The Warby Parker Retail Customer Experience: Five Best Practices Every Retailer Needs To Borrow. *Forbes*. Retrieved from <https://www.forbes.com/sites/micahsolomon/2016/05/23/the-five-warby-parker-retail-customer-experience-secrets-that-you-need-to-steal/#68ff06541952>
- Minemyer, P. (2016, August). Hospitality lessons from luxury hotels help hospitals get a leg up on competition. *Fierce Healthcare*. Retrieved from <https://www.fiercehealthcare.com/patient-engagement/hospitals-take-lessons-from-hotels-to-get-a-leg-up-competition>

- Mowatt, J. (2018). For Openers - Five Greetings that Boost Sales to Walk-in Customers - Tips and strategies on greeting retail customers - article by Customer Service Specialist and Professional Motivational Speaker, Jeff Mowatt - Calgary, Alberta, Canada. Retrieved October 28, 2018, from <https://www.jeffmowatt.com/article/for-openers/>
- Naprys, E. (2018, June 29). Galutinė atlyginimo skaičiuoklė 2019 m. – kiek padidės suma į rankas. *15min.Lt*. Retrieved from <https://www.15min.lt/verslas/naujiena/finansai/galutine-atlyginimo-skaiciuokle-2019-m-kiek-padides-suma-i-rankas-662-994422>
- Otterbring, T., Ringler, C., Sirianni, N. J., & Gustafsson, A. (2018). The Abercrombie & Fitch Effect: The Impact of Physical Dominance on Male Customers' Status-Signaling Consumption. *Journal of Marketing Research*, 55(1). <https://doi.org/10.1509/jmr.15.0247>
- Owen Gough. (2017, February). 'Hello?' Research suggests telephone greeting could lose you customers. *Small Business*. Retrieved from <https://smallbusiness.co.uk/greeting-business-turn-off-2536946/>
- Pardavimo Konsultantas. (2019). Retrieved April 3, 2019, from <https://www.manoalga.lt/salaryinfo/prekyba/pardavimo-konsultantas>
- Ponsot, E., Burred, J. J., Belin, P., & Aucouturier, J.-J. (2018). Cracking the social code of speech prosody using reverse correlation. *Proceedings of the National Academy of Sciences*, 115(15), 3972–3977. <https://doi.org/10.1073/pnas.1716090115>
- Pugh, S. D. (2001). Service with a Smile: Emotional Contagion In The Service Encounter. *Academy of Management Journal*, 44(5), 1018–1027. <https://doi.org/10.2307/3069445>
- Rima Janužytė. (2018). Apie mandagumo normas: lietuviškas nesisveikinimo fenomenas. *Verslo Žinios*. Retrieved from <https://www.vz.lt/laisvalaikis/akiraciai/2018/01/21/apie-mandagumo-normas-lietuviskas-nesisveikinimo-fenomenas>
- Russell, J. A., Ward, L. M., & Pratt, G. (1981). Affective Quality Attributed to Environments. *Environment and Behavior*, 13(3), 259–288. <https://doi.org/10.1177/0013916581133001>
- Sanguanpiyapan, T., & Jasper, C. (2010). Consumer insights into luxury goods: Why they shop where they do in a jewelry shopping setting. *Journal of Retailing and*

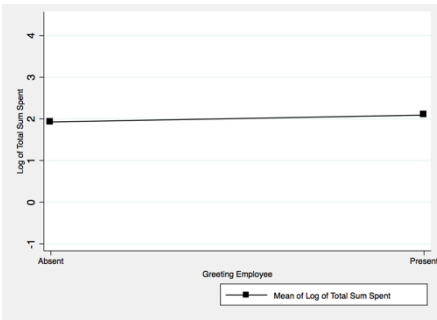
- Consumer Services*, 17(2), 152–160.
<https://doi.org/10.1016/J.JRETCONSER.2009.12.001>
- Shabeeb, M., & Jibreen, K. (2010). The Speech Act of Greeting: A Theoretical Reading. *Journal of Kerbala University*, 8(1). Retrieved from https://www.researchgate.net/publication/314245425_The_Speech_Act_of_Greeting_A_Theoretical_Reading
- Shearman, J. ., & Smith, A. . (2018). Consumers want to find what they’re looking for, and say online shipping should be quick and free. Retrieved March 16, 2019, from <https://nrf.com/media-center/press-releases/consumers-want-find-what-theyre-looking-and-say-online-shipping-should>
- Sherrod, D. R., & Downs, R. (1974). Environmental determinants of altruism: The effects of stimulus overload and perceived control on helping. *Journal of Experimental Social Psychology*, 10(5), 468–479. [https://doi.org/10.1016/0022-1031\(74\)90015-8](https://doi.org/10.1016/0022-1031(74)90015-8)
- Simester, D., Hu, Y., Brynjolfsson, E., & Anderson, E. T. (2009). Dynamics of Retail Advertising: Evidence From A Field Experiment. *Economic Inquiry*, 47(3), 482–499. <https://doi.org/10.1111/j.1465-7295.2008.00161.x>
- Sinha, P., Alsubhi, A., Dash, S., Guo, L., & Knijnenburg, B. (2017). Shopping for Clothes: From Meeting Individual Needs to Socializing. In *Proceedings of the 31st British Computer Society Human Computer Interaction Conference* (pp. 1–7). BCS Learning & Development Ltd.
<https://doi.org/10.14236/ewic/HCI2017.78>
- Söderlund, M. (2016). Employee Mere Presence and Its Impact on Customer Satisfaction. *Psychology and Marketing*, 33(6), 449–464.
<https://doi.org/10.1002/mar.20890>
- Solomon, M. (2018). The Scientific Way To Design A Customer Experience For Maximum Retention (And Results). *Forbes*. Retrieved from <https://www.forbes.com/sites/micahsolomon/2018/02/28/what-science-tells-us-about-customer-experience-and-memory-and-how-this-can-help-your-bottom-line/#715d907f62a8>
- Som, A., & Blanckaert, C. (2015). *The road to luxury : the evolution, markets and strategies of luxury brand management*. Singapore: John Wiley & Sons Singapore Pte. Ltd. Retrieved from

- https://books.google.co.uk/books/about/The_Road_to_Luxury.html?id=R_VgBgAAQBAJ&redir_esc=y
- Squires, J., Wilder, D. A., Fixsen, A., Hess, E., Rost, K., Curran, R., & Zonneveld, K. (2007). The Effects of Task Clarification, Visual Prompts, and Graphic Feedback on Customer Greeting and Up-selling in a Restaurant. *Journal of Organizational Behavior Management*, 27(3), 1–13.
https://doi.org/10.1300/J075v27n03_01
- The Census Bureau of the Department of Commerce. (2018). *Quarterly Retail E-commerce Sales*. Retrieved from <http://www.census.gov/retail>
- Therrien, K., Wilder, D. A., Rodriguez, M., & Wine, B. (2005). Preintervention analysis and improvement of customer greeting in a restaurant. *Journal of Applied Behavior Analysis*, 38(3), 411–415. <https://doi.org/10.1901/jaba.2005.89-04>
- TimeTrade. (2018). 85% of Consumers Prefer to Shop at Physical Stores vs. Online. *TimeTrade*. Retrieved from <https://www.timetrade.com/about/news-events/news-item/study-85-of-consumers-prefer-to-shop-at-physical-stores-vs-online/>
- Verhoef, P. C., Lemon, K. N., Parasuraman, A., Roggeveen, A., Tsiros, M., & Schlesinger, L. A. (2009). Customer Experience Creation: Determinants, Dynamics and Management Strategies. *Journal of Retailing*, 85(1), 31–41.
<https://doi.org/10.1016/j.jretai.2008.11.001>
- Vilmorus. (2016). Kaip lietuviai vertina aptarnavimo kultūrą prekybos centruose? *Diena*. Retrieved from <http://www.diena.lt/naujienos/verslas/ekonomika/kaip-lietuviai-vertina-aptarnavimo-kultura-prekybos-centruose-776816>
- Wesselmann, E. D., Cardoso, F. D., Slater, S., & Williams, K. D. (2012). To be looked at as though air: Civil attention matters. *Psychological Science*, 23(2), 166–168.
<https://doi.org/10.1177/0956797611427921>
- Widiyani, W. (2018). *Shopping behavior in malls*. Retrieved from https://pure.tue.nl/ws/files/90204727/20180122_Widiyani.pdf
- Zunin, L. M., & Zunin, N. (1973). *Contact: the first four minutes*. Ballantine Books.
Retrieved from <https://books.google.es/books?id=pvXXAAAAMAAJ&q=zunin+first+four+minutes&dq=zunin+first+four+minutes&hl=en&sa=X&ved=0ahUKEwjI5Yvtg6reAhWQalAKHXpJBSUQ6AEIJzAA>

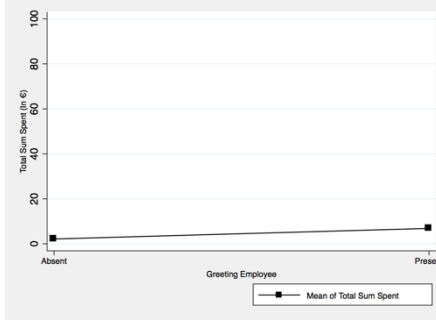
8. Appendices

Appendix A. Mean of Total Sum Spent

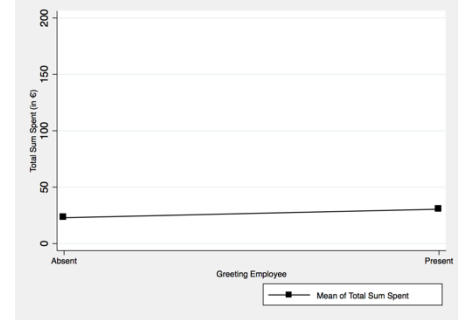
Company "X"



Company "Y"



Company "Z"

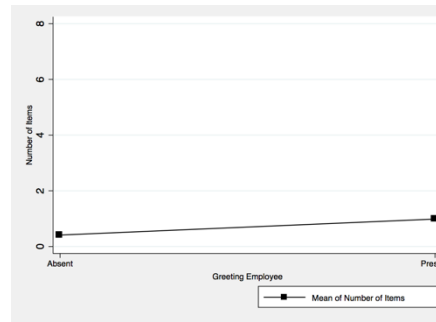


Appendix B. Mean of Number of Items Bought

Company "X"



Company "Y"



Company "Z"

