Gunnar Mau · Markus Schweizer ·
Christoph Oriet *Editors*

Multisensory in Stationary Retail

Principles and Practice of Customer-Centered Store Design

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Foreword

Shopping Experiences of the Future or How We Can Appreciate "Lädelen" Again

"Do you feel like going shopping together today?" This phrase, which is especially popular among girlfriends, means much more than stocking up on groceries and household goods once a week, but it means treating yourself to some time together and some luxury, wandering through different shops, trying on new collections or picking out an exclusive piece of furniture or special accessory.

It is interesting that in High German there is no special expression for sensual shopping, whereas in Swiss German verbs such as "lädele" (i.e., to stroll from shop to shop) or "kömerle" (which is borrowed from the French "faire les commissions") have developed.

Like most industries, the retail trade has been confronted with new challenges in the course of digitalisation and, at the same time, new, geographically more independent sales channels have opened up via the online channel.

Even though the turnover of online and mail-order trade has risen steadily in recent years, stationary trade remains dominant with a turnover volume of around 90% compared to online trade of around 10% (in Germany). There has been an above-average increase in online trade with foreign countries, and it is exciting to observe that companies with both stationary and online offerings perform better in terms of customer satisfaction and achieve significantly higher sales with a median purchase (stationary and online).

The Corona crisis in particular, with its far-reaching lock downs in the vast majority of European countries, has shown that it is advantageous for providers not to concentrate solely on bricks-and-mortar retail but also to manage their own online sales channel. This does not have to be a technically sophisticated online shop; for local shops, a website with the option of ordering by e-mail and a regular newsletter were sufficient for their loyal customers.

At the same time, people's longing for a real shopping experience in the course of the loosening of the lock downs was impressively visible, namely when customers waited patiently in long queues and at an appropriate distance in front of the stores to finally be able to look at and compare the goods they intend to buy in their form and shape again and not just see them as a sample photo on their screen, in front of which they have often already spent their entire working day anyway.

Despite the digitalisation boost from the Corona crisis and the continued growth of online retail, stationary shopping – or "Lädelen" as we say in Swiss German – will retain its important place, its desire and its longing in our lives in the future.

Shop concepts that attract their customers not only thanks to their aesthetics and artfully assorted displays but also appeal to the other human senses, for example beautiful music and fine smells can contribute to this.

Of great importance for the shopping experience is also the interpersonal, which makes us as social beings. Competent and charming advice from the sales assistant along the customer's needs can massively increase the turnover of a single purchase.

Stationary retail is being severely challenged by the upheavals in the industry, but thanks to creative concepts, good customer loyalty, intelligent use of digitalisation (including on-site), and motivated and professionally competent staff, the sensory shopping experience will always retain a firm place in our everyday lives.

A package on your doorstep can never replace the inner satisfaction of having indulged in a little luxury, time and pleasure after a pleasant afternoon of shopping with your girlfriend or boyfriend.

On the one hand, the contributions in this edited work encourage retailers to devote more attention to people again, despite or precisely because of digitalization. On the other hand, the authors offer an exciting journey of discovery from different perspectives as well as an instruction manual for developing a special shopping experience. The bottom line: retail has a very attractive potential to shape the future.

Swiss Retail Federation
Bern, Switzerland

Christa Markwalder

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About the Editors

Gunnar Mau holds the professorship for applied psychology at the DHGS German University of Health and Sport in Berlin. At the same time, he is president at this university. A psychologist by training, he completed his doctorate in the Faculty of Economics at the University of Göttingen on the topic "Emotions when shopping in online shops" and subsequently habilitated at the University of Siegen. He researched and taught at various universities on topics of consumer and retail psychology. Most recently, he held a professorship for business psychology at the Private University Schloss Seeburg in Austria. In addition, he was one of the founders of a market research company in 2008 and is still a member of the scientific advisory boards of several consulting agencies and associations.

Markus Schweizer studied business administration at the University of St. Gallen, specializing in strategy and organization. He then completed his doctorate – also in St. Gallen – at the Institute of Marketing and Retailing (Gottlieb Duttweiler Chair for International Retail Management) on the phenomenon of "consumer confusion" in retail. Markus Schweizer held leading positions at tegut … gute Lebensmittel and Migros in Switzerland from 2006 to 2016. Since 2016, he has been managing director of Holistic Consulting GmbH in Hanover, a boutique consultancy for customer-centric thinking and action. He also teaches retail management at Leibniz-FH in Hanover and is the author of several specialist books and articles on the successful transformation of retail.

Christoph Oriet looks back on a career of more than 30 years in Swiss food retailing (Coop and Migros). Among other things, he was head of total store at Migros Genossenschaftsbund in Zurich, where he was responsible for the store design of all formats of the retailer. Since 2020, he has been chairman of the board of directors at Storeconcept in Härkingen, a Swiss shopfitter with a holistic service offering from a single source. Christoph Oriet is also the owner of ORC Consulting GmbH and advises retail companies in German-speaking countries.

Introduction: The Renaissance of Stationary Trade

Traditional retail is experiencing a challenging time: online stores, the Internet of Things, digital voice assistants, an acute shift in values, and new consumer lifestyles are changing expectations of retailers and the way we shop.

This change also has an impact on the distribution of consumer spending: Sales in stationary trade are declining in many areas, other sales channels are gaining market share. This is also due to the strengths and potentials of the new distribution channels, which each of us feels and knows ourselves. Who likes to drive kilometers to a store to search laboriously and stand in line at the checkout only to be allowed to pay – when the same result can also be achieved from the comfort of your own home with just a few clicks?

But you can also look at this example from another perspective: What does the brick-and-mortar retailer have to offer so that customers don't scroll through endless product lists in the online shop, make endless comparisons between almost identical product alternatives, and make the sober click on the website only to hold the product in their hands a few days later?

One answer to this is provided by many examples of stationary stores that rely on their own strengths and offer customers what stationary stores do best: for example, experiences and inspiration, bonding and localization, security and trust.

This book and the contributions of the individual authors raise the thesis that brick-and-mortar retail can maintain (its) place in people's lives if it reflects on its strengths and plays to them consistently. Knowing these strengths is not only a competitive advantage but also a necessity for long-term survival. Fortunately, there is no shortage of studies, opinions, and publications on this topic.

If we look at these, two aspects have been mentioned again and again recently that are supposed to help the renaissance of stationary retail: multisensory and the total store approach. Models of thought that are not new, but often end up in the complexity trap due to their holistic character.

Looking at the reality of brick-and-mortar retail, it is noticeable that the two approaches have hardly ever had a clearly recognizable signature and are rarely implemented consistently and strategically. Often, individual ideas are taken up, individual aspects are tackled and used as examples – in concept stores. An organizational embedding still takes place very rarely. If the first attempts fail to produce major positive effects – often measured in terms of direct, short-term sales impact – doubts quickly arise and further implementation stalls. The more cost-intensive the implementation of the individual projects, the more likely this is to happen.

Why are some of these projects only moderately successful? Why does the reality of brick-and-mortar retailing too seldom reflect the hoped-for magnetic effect? We have identified four problem areas, which at the same time provide the structure for this book:

Problem 1: Lack of Common Understanding

You can read a lot about multisensory and total store, but it is too seldom really discussed what is behind them. Thus, these approaches have an inglorious potential to degenerate into buzzwords, since they are omnipresent, but everyone understands something different. Multisensory and total store are more than just the optimization of individual sensory impressions, and more than a fancy design concept. Multisensory technology understands the stationary store, its environment, and all the people involved as part of the communication with the (potential) customers. The store thus becomes a story and the customer a part of this story. The stimuli emitted in this way meet people who perceive their surroundings with all their senses: Hearing, smelling, touching, tasting, and seeing. To ensure that these diverse stimuli – colors, shapes, screens, smells, product worlds, etc. – reach the customer as comprehensible messages, they should all go in the same direction and bear as clear and homogeneous a signature as possible. This has the effect of making the environment inviting, making people feel comfortable, and creating the basis for interaction. That’s the idea behind total store: a coordinated statement from all the elements that communicate with the customer’s five senses. Too often, however, this does not happen: if, for example, the architecture and lighting communicate exclusivity but the SALES displays penetratingly radiate “discount” and the room emits a reverberating background noise, no distinctive overall message can reach the customers. The chapters in the first part (Part I) take up this perspective, go into it in detail, and present ways and instruments of how holistic storytelling can succeed through strategic multisensory.

Problem 2: Multisensory Is Not to Be Confused with Tradition and Nostalgia

Multisensory is sometimes hastily associated with the traditional, the handcrafted, the familiar, and a nostalgic basic idea. This may well be true for some concepts. However, the mechanics of multisensory technology are independent of the zeitgeist. Human perception has hardly changed in the last 20,000 years. Thus, it is advisable or even imperative to include the latest (digital) developments – also on the physical parquet. Digital steles or screens that are lost and not embedded in the context or in the customer journey on the sales floor are cost intensive and mostly ineffective – even disturbing. Properly embedded, however, digital tools can support and complement the classic tasks of retailers, just think of smart mirrors that offer information on combination options and stock status of the tried-on blouse in the blink of an eye. At the same time, the networking of the digital and physical worlds also opens up completely new possibilities for creating an inspiring atmosphere in which discovery is fun, because the sales floor is no longer just used to store products. Particularly with a view to future generations, a sensible (multisensory) embedding of the physical store in the ecosystem of consumption is advisable. The fact that multisensory should not be confused with tradition and nostalgia – and how technological developments can fit into a coherent (store) concept, is dealt with in the chapters of the second part (Part II).

Problem 3: Lack of Starting Points for Practical Implementation

The effect of multisensory technology can be impressively demonstrated with practical examples. If the stools in the cinema auditorium are uncomfortable, neither the ventilation nor the heating works, and, in addition, a characteristic smell emanates from the direction of the toilets, then presumably the best film or the best screening technology cannot change the feeling of unease and the desire to leave the auditorium. The negative consequences of an incoherent multisensory system are immediately noticeable. The perception of the disruptive factors is the first step towards a multisensory coherent environment. In this example, the identification of optimization potentials is probably still obvious. A retail salesroom subsumes a disproportionately higher number of stimuli, which on the one hand have to be brought into harmony and on the other hand have to be cleansed of disturbing factors.

This is also the crux of multisensory technology: Where do you start? How do you bring the individual parts together so that they are coherent? The danger of a complexity trap is obvious, since a guideline is missing. That's why multisensory is often thought of as optimizing individual impressions or as a design process that ends with a creative look. This approach is rather structurable – but offers only few starting points for a holistic, profitable implementation at the POS. Rather, individual senses, departments, or logos are optimized – but no statement, no story across all senses that offers the customer real added value is created. Instead, individual aspects are implemented that are not aligned with the perception and needs of the customer. This not only increases the complexity of the implementation but also prevents multisensory technology from playing to its strengths. In the end, disappointment remains – and in the best case, a fancy design.

Equally disappointing can be the overly high (short-term) goals set for multisensory strategies: Those who expect a direct increase in short-term purchases are usually disappointed. Multisensory is communication – and this leads to bonding. It is only through bonding that added value is created – for everyone involved: customers, employees, and retailers. The third part (Part III) therefore shows starting points for a strategic, action-guiding understanding of multisensory projects.

Problem 4: Lack of Coordination Function and Change Culture in the Company

The concept of multisensory, which underlies the contributions in this book, requires more than design, marketing, sales, architecture, merchandising, communication, human resources, and so on. It encompasses the very intersection of these areas and in turn influences them to present a holistic picture to customers. The commissioning of an external (or internal) service provider to design a single element, without integrating this commission in the overall context, can as a rule hardly have a positive effect or generate a customer benefit. The implementation of a multisensory approach requires networked thinking on the part of those responsible and the consolidation and coordination of expertise. Breaking through the departmental mindset where boundaryless collaboration is lacking. If half-hearted attempts are made to follow the supposed hype of "multisensory", failure is inevitable: The many individual projects do not develop a guiding function for the entire appearance of the retailer. The project results stand alone – and are perceived as such by the customers. The chapters in the fourth part (Part IV) present best cases and conceptual considerations on how the idea of a multisensory concept can be approached and anchored in the company. One thing in advance: Those who neglect the corporate culture in this process will in most cases reap a patchwork of concepts – and as a consequence a watered-down profile that will have to fight for its right to exist in the (physical) retail landscape.

In practice, these four problem areas often stand in the way of a holistically understood multisensory concept. This is why good ideas that are brought along from workshops and conferences or that diffuse into the company through discussions and impulses from outside often fail at the outset. This can cause frustration among both employees and customers.

In the chapters of this book, our highly esteemed authors address the problem areas outlined here and present their perspectives on how to solve these challenges. In our view, these chapters are special not only because of the many years of profound experience of the experts but also because of their backgrounds: they come from academia, from everyday consulting, and from practice – and thus show that these three fields do not work, research, and consult side by side but rather work together to find solutions to problems. We, the editors, have framed each part of this book in our syntheses and contributed our attitude.

Although an introduction is not a preface, one thing should not go unmentioned: Substantial parts of the contributions were written during the time of contact restrictions and the challenges of the Corona pandemic. All authors have in common that this time did not lead to more free time, but rather to a higher strain (physically as well as mentally). It would have been very understandable that during this time such a book project would not have been the first priority. All the more we thank each author for the exciting discourse and the very valuable contributions.

Through the compilation of the chapters, the book is intended to serve as an impulse generator and toolbox in the implementation for stationary trade. It is not the end of a process but rather the starting point in the search for the best way. We would like to accompany this discourse also beyond the book and offer under

www.multi-sensorik.com

further materials, supplementary information, and contact details of the authors and editors.

Finally, we would like to express our special thanks to Mrs. Agnes Fleischer, who has been a very valuable support in bringing together the chapters, in the editing, and in the development of the syntheses.

Berlin, Hanover, and Zurich
June 2020

Markus Schweizer
Gunnar Mau
Christopher Oriet

Part I

Multisensory: Perception with All Senses. Neither Marketing Hype Nor Esotericism, But Back to Being Human

Human perception is the starting point of multisensory communication with customers in retail. People perceive their environment with all their senses: hearing, smelling, touching, tasting and seeing. Rarely, however, does what we consciously perceive correspond to the objective nature of reality: perception is selective and constructive. Attention is limited. This phenomenon, these characteristics of perception are the basis of multisensory experience – and thus also of multisensory marketing. The contributions in this chapter are therefore dedicated to these fundamentals.

Perception is selective because of the mass of stimuli that reach our senses (better: the corresponding receptors) every millisecond, only a very small fraction becomes conscious at all. Not to mention the limitations of our perceptual apparatus, which means that subliminal stimuli cannot be perceived at all. The bottleneck that decides which impressions become conscious is attention. It is guided by e.g. subjective relevance, aesthetics, otherness or novelty. The (relatively) few contents to which shoppers turn their attention have a chance of being consciously processed, thought through and anchored in the memory. No purchase without attention! Or is it? Can products, brands or manufacturers communicate without the messages being consciously absorbed? And how can attention be created for brands and their messages in retail? Is there such a thing as "too much" stimulation?

Our perception is constructive because our expectations and also the experiences from previous situations guide and limit our perception. Our expectations form the context that guides the interpretation of the perceptual content. Expensive chocolate tastes better (or just not) and chocolate brown pudding must taste like chocolate. A château pictured on the label of a wine bottle makes us more likely to believe that it is a high-quality wine, and a Greek-style cheese with a Greek-sounding name is perceived as authentic, even if it would have nothing to do with Greece and feta cheese. Can retailers and manufacturers manage such expectations in a targeted way? What options are available here? And where are the limits? In addition to expectations, experiences from previous situations guide the perception of the current situation: customers who have had a bad experience with a retailer also perceive the negative aspects more quickly than the positive ones on their next visit. Does the retailer have to respond to such experiences? Can the retailer afford to do so at all?

Multisensory in Stationary Retail: Principles and Practice in Customer-Centered Store Design – Neuromerchandising at the Point of Sale

1

Achim Fringes

Abstract

How do we as humans perceive the sales space in stationary retail and what is the basis for our behaviour? As much as we are proud of our modern shopping places: We cannot overlook the fact that the basic principle of the design of these shopping places has not changed for millennia. What we want to achieve with multisensory in stationary retail is to create an atmosphere in which people feel comfortable, and not just in relation to specific target groups, but to all customers. If you're serious about multisensory in stationary retail, it doesn't make sense to focus on one or two sensory perceptions. But that is often the approach. Most mistakes made in brick-and-mortar retail come from not taking into account the contextual nature of human perception. Only if all elements of multi-sensory perception, such as materials, colours, sound and scent, are in context with each other, can a continuous positive perception be created.

1.1 Multisensor Technology from the Very Beginning

Multisensory in stationary retail sounds very innovative and new at first. Very quickly, the topic is associated with neuromarketing. When I talk to retailers and service providers about this topic, I am often told that they have not yet dealt with it. The question is often whether the findings in the field of multisensory and neuromerchandising could have any relevance at all to their form of retailing. While I know exactly what the point is being made, the question is fundamentally misguided. After all, every retailer or service provider in this world necessarily engages in multisensory. The only question is to what extent one consciously acts on this multisensory.

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The situation is best described with a sentence made famous by Prof. Paul Watzlawick: "You cannot not communicate" (Watzlawick et al. 1969). What does this mean for stationary retail in terms of multisensory? If I specifically scent my point of sale (POS) or let it be, it will smell like something in my store. If I use music or other sound reinforcement, there will be sounds. Even if you don't hear anything, that silence is a communication. Often, even silence affects how people feel in particular. The climate in my business premises affects the behaviour of my customers and employees, because people can only survive with a certain composition of air and within a certain temperature scale.

The earliest documented trade is about 1,40,000 years old and thus older than the emergence of differentiated societies. In the area of origin of humans in Africa, long-distance trade relations over several hundred kilometres could already be proven for this time. At the beginning of trade, when humans were not yet sedentary but roamed the environment, certain prominent points in the landscape were the places where trade took place. These places were natural spaces, such as a ford in a river, a prominent clearing in a forest, or a cave. These places were the first points of sale. As the first Homo sapiens gathered into settlements, they began to shape the environment. As people settled, ritual and religious places also increased. Thus, there are certain places that archaeologists can clearly identify, even after thousands of years, as places of worship and places where people pursued their beliefs. From the first natural religions until today, these places have changed little and still serve as very good examples for the use of multisensory effects.

About 40,000 years ago, the first Cro-Magnon humans arrived in Europe. They demonstrably brought with them a more or less complete program of behaviors that ultimately distinguishes modern humans from every other species on the planet. This was a result of cognitive evolution in early humans. This involved the development of perception of the environment through our senses and interest in particular objects, triggered by attention to a specific event. Through reflection, information was processed in the brain. This information became memories and later a memory store. Most often, meaning was assigned to things and events through language.

The first works of art in the form of engravings, paintings, sculptures and music were created. Body adornment and the development of filigree ornaments on objects of daily use presupposed a knowledgeable handling of various materials by early Homo sapiens. Any kind of trade, especially stationary trade, goes back to this development. The design principles developed in this epoch are still valid today. They form the foundations of modern store design. As much as we are proud of our modern shopping venues: We cannot overlook the fact that the basic principle of the design of these shopping places has not changed for millennia. Add to this another fact: the way information processing works in our brains is demonstrably no different from prehistoric man. When using the most modern technology and communication, we use a brain that received its last update about 1,50,000 years ago.

1.2 Principles of Influence Through Multisensory Technology in Stationary Retailing

Since the publication of my first book “Brainshopping: Emotionalisierung im Handel” (Fringes 2008) I have been dealing with multisensory in stationary retail. In the ideas and methods, I combined experiences from my many years of working in retail and sales with the findings of neuroscience and evolutionary biology. The resulting insights and implementations were often associated with the emerging term “neuromarketing.” When I took a closer look at my activities and the applications in retail, I realized that I was not doing classic marketing, but merchandising.

I therefore call the form of merchandising that I do “neuromerchandising.” It consists of the two word stems “neuro,” which in a broader sense describes certain processes in the brain, and “merchandising.” Merchandising is a component of marketing. It involves trying to create sales or accelerate them with product line presentation, design, POS advertising, and packaging design. For me, however, merchandising represents more than just a part of marketing. It is the context of product or service with the place and the way of presentation. There’s also the question of the way in which the transmission of information affects the customer’s perception. But the context between the product or service and the salesperson as a person also matters. If this context is not right, I as a retailer do not pick up my customers properly. This is a bad prerequisite for a purchase decision.

Neuromerchandising focuses on the perceptions of people at the POS and addresses all human senses. Put simply, this includes all things that people at the POS grasp with their senses and convert into a perception. This applies to all things and events in the room.

Unlike in marketing, there is no specific target group. The target group in neuromerchandising is always the person per se, regardless of whether he or she is in a grocery store, a pharmacy, a hardware store, a shoe store, a bank, an insurance office or a gas station. The basics of neuromerchandising apply equally to every POS and form a kind of statics for the POS.

The book “Brainshopping: Handeln mit allen Sinnen” (Fringes 2010), published in 2010, describes how the different sensory perceptions affect customers, what effect this has and how one can influence the perception and behavior of customers at the POS. Since that time I have experienced contradictory reactions to all forms of neuromarketing, neuromerchandising and multisensory in retail. On the one hand, the effect of neuromarketing and neuromerchandising on customers is greatly exaggerated, on the other hand, it is greatly underestimated.

The various consumer groups and organizations consider the use of multisensory to be too strong an influence on customers and their purchasing decisions. A picture is drawn in which the customer is turned into a will-less object of the trade and the brand industry through the use of multisensory measures. The contradictory nature of the use of multisensory measures becomes particularly apparent when it comes to the use of smells and fragrances at the POS. I was one of the first to equip a supermarket with a scenting concept in a project more than 10 years ago. Especially scenting at the POS is viewed very critically. There are still strong fears that people are seduced by the subconscious perception of scents. In the meantime, this scenting has been used in other supermarkets for more than 10 years and has not led to customers buying willy-nilly. What scenting has contributed to a successful POS concept is exemplary for what multi-sensory technology wants to achieve in stationary retail: to create an atmosphere in which people feel good, and not only related to certain target groups, but to all customers. Neuromerchandising is based on the assumption that people stay longer and prefer to be in an environment, in our case at the POS, where they feel comfortable than in a place where they feel uncomfortable. The longer stay results in more opportunities to make a purchase decision. In addition, you create a positive memory, which leads to the fact that this environment (POS) is gladly visited again.

To make sure all customers feel comfortable, you have to dig deep into the archaic behavior of humans to certain stimuli in the environment. To stay with our example of scenting: It quickly becomes apparent that it's not fundamentally about scenting, but rather about not allowing negative odors. Because one thing is clear across all target groups: if it smells bad and unpleasant in the environment, I will leave this environment or shorten my stay in this environment as much as possible. The subconscious memory of this negative environment would warn me about these spaces in the future.

In contrast to the self-proclaimed consumer protectionists, who see a threat to free will through the subconscious effect of smells, the majority of stationary retailers do not believe that smells, whether stench or scent, have any influence on customers' purchasing decisions. The reason given is that an effect cannot be measured. They are convinced that products that smell strongly of plastic, for example, have no influence on the purchase decisions of customers at the POS. Both extreme positions completely ignore how humans convert sensory information into perception and ultimately become people's subjective reality.

In order to make a realistic assessment of the effect of multisensory technology in stationary retail, it is necessary, in my opinion, to deal with how perception and consciousness fundamentally develop in humans. The fact that you very quickly reach the limits of human knowledge should not deter you. What science has researched in this area today certainly creates a basis that makes it possible to put exaggerated fears and exaggerated expectations into a different light. Nevertheless, we must be aware that many processes in the brain, such as sensory processing, perception and the generation of consciousness, still pose many mysteries. Science today is still in its infancy in this area. Because of the intense complexity of these processes, it will take a very long time before we understand them precisely, despite rapidly advancing technology. However, the technology of the twentieth century makes many things possible that we considered impossible just a few years ago.

Supported by new technologies, neuroscientists and evolutionary biologists have been able to draw a new picture of humans. Today, they can better and more clearly explain how the brain works and how people behave. However, the resulting facts about how people make decisions (buying decisions) do not lead traders to change their view of people. To compare it to a physical worldview: The vast majority of traders still believe, with regard to how human brains work, that the world is a disc.

I would like to use an example to illustrate what influencing through multisensory technology means in stationary retail: Imagine that you make a completely independent decision to go to the cinema to see a film. It's a film you've been looking forward to for a while because it's part of a series from which you've seen all the parts so far. You are a fan of these films. So watching the movie has a high relevance for you. Now you come to the cinema and find that there are only small, uncomfortable stools. In addition, there is no ventilation, heating or air conditioning in the projection room. The projection room also houses the toilet facilities, which fills the room with the smell of cloaca. The only thing that is state of the art and state of the art is the screen and the projector. No matter how much of a fan you are of the film, no matter how relevant it is for you to experience the film, you wouldn't last 3 h in this screening room. Even a perfect screen and projection would not change that. Just the lack of ventilation, which leads to you barely being able to breathe, is enough to make you leave the screening room after a very short time.

Well, there won't be a cinema like that. You don't need to understand anything about multisensory to know that it can't work that way. So what's the point of influencing multisensory? To stick with our cinema example: Multisensory would design the perfect environment to the perfect projection, which we could also replace with a product. This would mean in detail: What are the best seats for our cinema? They have to be comfortable enough to sit in for several hours, but not too opulent that you easily fall asleep during the movie. In addition, they should be equipped so that you can easily store drinks and popcorn. The seats would need to be the right size to allow for good sitting, but also not too big to create a sufficient amount of seats to make the cinema profitable. Ventilation, heating and air conditioning should always provide a temperature that is just right for the time of year, which also takes into account that my customers sit in the cinema lightly dressed in the summer and warmer in the winter. In order to ensure all this, we need more precise knowledge about how people perceive an environment and create a perception from it. This subjective perception then gives rise to intentions, emotions and actions.

1.3 Indoors and Outdoors

In the search for what consciousness – and thus reality of the individual – could be, neuroscientists conduct experiments with great technical effort. There, among all the results, one also finds an answer to one or the other question of the trade.

Man is a product of evolution with a distinct drive and instinct system. His cerebrum enables him to reflect this. The evolutionary heritage of man consists not only of his anatomy, bodily forms, organs of movement and sensory organs, it also includes certain preprogrammed behavioural dispositions. Through evolution, however, man has also developed a cerebrum that enables him to control and to some extent direct his libidinal behavior. For example, even if he is hungry, he can put down his fork. But he can also, when he is not hungry, continue to eat for the sake of pleasure.

In general, in our world, we separate the physical world and the spiritual world very precisely. We can clearly distinguish between what we can see and feel and what we can imagine and conceive. We too readily want to believe what we see or feel because these things seem most certain to us. But the brain brings only a tiny fraction of the really existing world into our consciousness.

The world of our sensations consists of three realms: the external world, the world of our body, and the world of our mental and emotional states. These three realms of reality directly abut or directly merge into each other. All experienced processes between me and my body, between me and the outside world, and between my body and the outside world occur in my subjective reality. Our brain produces our reality comparable to a film being shown to us. This is certainly a very vivid idea. The processes in our brain – in the production of consciousness – are much more complex. The regularity and comprehensibility of the external world has, in the course of evolution, determined our sensory world. Our senses have developed with evolution under the influence of the outside world. Nature's most momentous invention for human development was probably that of consciousness. Although we do not yet know what consciousness is or why we have consciousness at all, we can say what it does: It enables us to build an internal representation of the world and thus experience a stable and continuous reality. It enables us to play through options and plan our actions. Consciousness can quickly and flexibly accomplish what evolution needs generations and stable conditions to do. Moreover, because the consciousness of all people is roughly the same, it allows us to put ourselves in other people's shoes and think hypothetically about their options and plans as if they were our own.

Reality and reality are not the same thing for me. Rather, they are two sides of the same coin. For me, reality is that which is derived from reality through the act of observation. We create the world by observing it. Reality exists within our mind on a kind of screen in our mind. Anything that exists outside of our mind I call reality. We are never in direct contact with reality. We have no choice but to accept a reality to which we humans have no access whatsoever, about which we can only say that there are (presumably) other people, trees and salesrooms.

It is by no means the case that the inner reality is a 1:1 copy of the outer reality. It takes great mental effort and a lot of inner overcoming to accept that our favorite dish doesn't actually taste de facto. It is difficult to think the colors and sounds out of the world. All the sensory impressions can't hide the fact that the world that surrounds us is colorless, soundless, odorless, and numb. The world out there, we must accept, even if it is very difficult for us, is a construct within our minds. Everything we experience with our senses and everything we feel is a representation of information in our brain.

The universe is everything about which we can in principle obtain information. This includes everything that we can observe and measure, and is therefore part of the inner reality. It does not matter whether we use our body as a measuring device with all its senses or measure with measuring devices – this is completely irrelevant. But for the things we measure with a measuring device – for example radioactivity, which is beyond our senses – we ultimately need our senses again. After all, every measurement also involves recording the result of the measurement with our senses. The universe – and thus the POS – is a reflection of reality in our minds and not "reality itself." And the sales floor is inescapably a part of the universe. The only thing we perceive is our perception. The image of our sales space is never created "out there in the world," but is exclusively a subjective internal matter.

Even if this objective reality is perceived purely subjectively, it is possible to determine whether reality affects other people in the same way. Let's take any desert on this planet: If another person, just like me, experiences the day as very hot and perceives the night as cold, we can assume that this part of the environment or reality affects us objectively. Although reality affects us in equal measures, we still experience it subjectively to a certain extent. The person who lives in a warm region of our planet will tolerate the heat of the day better and find the cold more unpleasant than the person who lives in a colder region. In addition, with better equipment and adapted clothing, one experiences the difference in temperature differently. But beyond this subjective perception, both are warm during the day and cold at night. The environment affects them and that is their reality. Part of this reality, besides the space of the desert, is the human being. He is part of the reality desert and affects the perception. It makes a big difference if I am alone or if there are two of me. If we now replace the objective environment desert with the objective environment POS, we can very quickly grasp what distinguishes the POS from the desert and what does not. In most cases, unlike the desert, the POS is a place or environment designed by humans. We should not expect every person to experience our POS in exactly the same way. To stick with our example of the desert, which people perceive as cold at night and hot during the day, there are differences in perception after all. For example, what is not the same are the individual judgments of this objective world: what do things mean to me? What value do I associate with them? How do I put them into a consistent sensory context? Which object do I classify as dangerous? What circumstances do I long for? And so on. This gives rise to individual and deeply subjective realities. So we should not expect everyone to live in exactly the same world. Everyone has their own world-space with a very individual distribution of attention. There is indeed an objective reality as a basis behind all these subjective evaluations, which is found with the cognitive senses independently of the subjective experience. The spatial arrangement of material things is equally recognizable for all people (and customers).

A display that narrows an aisle in my store affects everyone as part of reality. To continue down the aisle, I will have to walk around the display, no matter what emotional state I am in.

1.4 How Does the World Get into My Head?

Before delving deeper into how a POS affects a customer, it's important to look at how people perceive the world that surrounds them. Specifically: How does the world of my POS come into my customer's perception? But before perception can occur, our brains must first receive information from the environment. Without this information from the environment, there is basically no perception.

For the acquisition of information about the environment, the different senses are responsible, which detect my environment like sensors. Every organism has its own structure for this. With the help of this structure, the signals from the environment are processed and built up into a world of their own. To make this clear, let's take a look at the world of a deep-sea dweller: For many of these inhabitants, the world in which they live is lightless. Light is not present for many of these deep-sea dwellers, even when they are illuminated with spotlights. Light is completely foreign to their system, it simply does not occur in their world. But they cannot be said to live in darkness, for darkness is the antithesis of light. If there is no light in their perceived world, then there is no darkness.

When we talk about multisensory technology in retail, we are talking about nothing other than how Homo sapiens, modern man, the only species of the genus Homo still alive, perceives the world that surrounds him through his brain. "Modern man" here is already a term that can easily be misunderstood. After all, the appearance of the first modern human was at least 1,00,000–3,00,000 years ago. In terms of earth history, it is certainly modern. From today's human perspective, we wouldn't call it modern, whereas sensory perception of the environment is much older. The first single-celled organisms, which are thought to have lived around 3.5 billion years ago, were already responding to their environment, even though they had no organs such as eyes or ears. They were very simple – we would say stupid – because they had neither nerve cells nor a brain. Scientists at the University of Leipzig examined a single-celled organism about 0.2 mm in size on a glass bottom with nutrient fluid under a microscope. There was a scratch on the glass bottom with a maximum depth of 0.1 mm and, by mistake, a glass fragment. The scientists observed how the unicellular organism perceived the glass splinter. It detected an object, picked it up, and waved it around like a club. This means the single-celled organism can perceive and decide because it focused its interest on the glass shard, and later on the scratch in the ground.

From these observations, many scientists are convinced that the sense of touch is the first of all senses and forms a kind of basic sense. The skin is the first organ of contact. The skin holds the inside together and separates it from the outside. Thus the skin perceives its environment. This contact with the inside and the outside is constantly active and determines how we feel. Many of our senses are evolutionary specializations of the skin. For example, the eyes consist of a retina, for hearing we use eardrums in the ears and in the nose there are mucous membranes. For these reasons, many scientists consider the sense of touch to be the largest and most complex of all the senses, with the greatest influence on our thoughts, actions and decisions.

When we speak of human senses, there is no absolutely clear definition of the senses in science. Sense of sight, sense of hearing, sense of touch, sense of smell, sense of taste, sense of balance, sense of pressure and touch, sense of temperature, sense of pain and sense of thinking: this list goes well beyond the well-known five senses we generally talk about in the context of senses. We often quickly forget that the sense of balance, the sense of pain and the sense of temperature have a particularly great influence when it comes to the perception of spaces.

However, on closer inspection, this list is not entirely unambiguous. The sense of touch consists of three different senses: the sense of warmth, the sense of pressure and the "sense of sharpness" for detecting sharp objects. Different types of nerves in our skin are also responsible for this. In addition to the sense of hearing, the sense of balance is also located in the inner ear. The sense of sight is divided into two different senses: the sense of brightness and the sense of colour. When there is sufficient light we use the colour sense, when there is scarce light we use the much more sensitive brightness sense. Hunger and thirst are separate senses that we can call the "sugar sense." Hunger is triggered by the sugar sense. We constantly measure our own blood sugar level and feel hunger as soon as it falls below a certain level. We also have a body sense that allows us to determine the position of our limbs at any time without looking.

The linking of all these senses is ultimately responsible for how people perceive their environment. The combination of all sensory perceptions is an extremely complex process and leads to the fact that each person, with the same information from the environment, perceives something different. If you are serious about multisensory in brick-and-mortar retail, it doesn't make sense to focus on one or two sensory perceptions. But that is often the approach. So when using multisensory it is important to always consider the full range of all sensory perceptions. Of course, it is the case that in different industries and concepts, differentiated attention must be paid to the entire sensory acquisition. It stands to reason, for example, that in a textile store little attention should be paid to the sense of sugar. In contrast, there are areas of sensory perception that are of great importance to all stationary retail concepts. For example, the sense of temperature is of central importance. On this note, I was very often told the cost of ventilation and air conditioning. However, no one has calculated the loss of sales that results from customers avoiding my overheated store on hot days and preferring to go to the competition with air-conditioned sales rooms. In addition, there is another very significant fact: customers can quickly leave my non-air-conditioned sales rooms or even not enter them at all, while my employees cannot. You don't calculate how much concentration, productivity and also the friendliness of the employees suffer from a poor room climate and thus have an impact on sales.

Unlike the example with the deep-sea dwellers, we humans are dependent on light and can therefore clearly distinguish between light and dark. In the course of evolution, humans have adapted to this and developed an internal clock. "Circadian rhythm" refers to regular internal processes that occur over a period of approximately 24 h, such as the sleep-wake rhythm. The human internal clock is controlled by the release of the hormone melatonin, which is usually only produced before and during the sleep phase. Every person's internal clock ticks differently. Controlled by the brain, the same program runs in the human body every day. The internal clock controls not only sleep and wake phases, but also heart rate, blood pressure and mood. Every cell and every organ has its own rhythm that must be regularly synchronized with the outside world. The light in a salesroom therefore has a special effect on people and their sense of well-being. The biological, visual and emotional effects of light in a salesroom are of central importance for the well-being of customers. With individual settings, it is possible to use light in such a way that the biological needs of customers are taken into account through daylight integration and dynamic lighting control. The technology also allows light to have a major influence on the colour rendering and glare control of illuminated products and product groups. Brightness distribution makes it possible to illuminate different areas of a salesroom in a way that suits the design. Lighting is more than just brightly illuminating the salesroom or answering the question of how I can save as much energy as possible. The rapidly developing technology in the lighting sector will certainly become more important in the future.

1.5 Perception: Truth with Limited Liability

We see, hear, smell and feel into the world and then compare our perceptions with each other. In doing so, we often disagree because we believe that everyone experiences the same thing. However, our subjectively perceived world of things is quite different from the world outside. We experience and describe things differently because we perceive, experience, remember and are sensitized differently. We are not even aware of what excludes, enhances or alters our perception. For example, missing sensory impressions of the world outside, can simply be supplemented or completed by our memories. The existing lack of visual ability is then compensated for by stored experience.

In some cases, information from different sensory perceptions provides information about the same property of an object or an event in the environment. For example, the size of an object can be seen with the eyes and felt with the hand. This is then called redundant information. The purpose of comprehensive perception is to enable action and interaction with the environment that surrounds me. For example, if we reach for a product on a shelf, a complex interplay of tactile and visual sensations of movement is necessary to successfully grasp the product. All sensory information must be combined into a coherent overall impression of the product or action to enable this interaction with the environment. Therefore, all parts leading to perception must always be considered holistically.

The key to stable perception lies in the integration of multiple sensory stimuli, some of which are multiple. Often there is more than a single sensory source that allows one to perceive a feature of the environment. To understand how the different sensory stimuli are used, let us imagine the simple use of a table bell at an information or reception desk of a hotel when we want to summon an employee. For this purpose, the eye (see), the ear (hear) and the hand (feel) provide information about the exact location of the table bell. So you have the three sources of information seeing, hearing, feeling about where the bell is. How are these sources of information processed together to form a coherent perception of that location? Do we believe the eye, the hand, or the ear? In fact, there is no such selection, but rather all the sensory impressions that are available are utilized and computed with each other. For this purpose, all sensory impressions are first converted into a so-called neural code. This means that the photons falling on the retina of the eye have to be converted into spatial information, just like the sound waves in the ear and the forces acting on the palm of my hand when I press the bell. To determine the location of the hand in space, the position of the head must also be taken into account in order to evaluate the information from the eye and ear. We do not realize how complex it is for our brain to operate a simple table bell. We tap the little nub on the bell and it rings. In order for it to work like that – in addition to processing the information from my senses – we need another important piece of information: my brain needs to know what a table bell is in the first place, and it also needs to know how it works. If you perhaps don't know what a table bell or reception bell is based on the name alone, take a look at Fig. 1.1.

Many can now remember such a bell and how it works. Some even have the sound that this bell produces in their ears. As described in this example, our perception is not only based on information that is captured by various sensory impressions such as seeing, hearing or feeling. In order to interpret the diverse and complex stimuli that constantly affect us, our brain uses prior knowledge that we possess about the world. In our case, the knowledge of what a table bell is and how it works. It is this interplay between momentary sensory information on the one hand and prior knowledge on the other that makes it possible for us to react to our immediate environment.

However, all senses can also lead to perceptual illusions. These illusions are completely independent of human characteristics such as gullibility or intelligence and cannot be eliminated. Based on the information provided by the sensory organs, the brain constructs a hypothesis about the external world and thus determines my perception. In doing so, it follows principles, some of which have proven themselves evolutionarily, others in the course of individual development. Incorrect information processing can cause perception to deviate from a physically explainable and reproducible measurement. The hypothesis

Fig. 1.1 Reception bell

that the brain develops is incorrect and a perceptual illusion results. Optical illusions are a good example of this. A well-known visual perceptual illusion is the so-called Ebbinghaus illusion, in which the central dot is perceived to be of different sizes, depending on the size of a ring of other circles (see Fig. 1.2). Thus, the right central point appears larger than the left one. If we measure the circles, we find that both points are the same size in the middle.

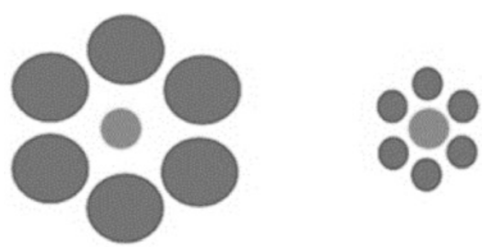
Size is evaluated depending on the environment. Figure 1.3 shows a path along a wall and three people. The person in the foreground appears smaller than the person in the middle. The person in the back appears tallest. However, remeasurement proves that all three persons are the same size. The eye provides the image on the retina, but its meaning is only revealed by processing the image information in the brain. Although the image is two-dimensional, a path is detected that runs from front to back, giving the impression of spatial depth. From this, it is concluded that objects at the bottom are close by and objects in the middle of the image are further away. The person in the foreground appears very small because the distance is interpreted as small. If she were in reality as tall as the person in the middle, she would have to appear taller in the picture. But since it is exactly the same size as the middle person in the picture, the brain concludes that the person should be smaller in reality. The same is true for the person in the back. Instead, it is seen as more than twice as tall.

These images are referred to as optical illusions. Basically, however, our perception is not deceived. Our sense organs and our perception follow unalterable laws and cannot do otherwise. Rather, we deceive ourselves in our understanding of sensory perception. Perception allows us to construct an image of our environment within us. This image, however, can never be complete, since we only possess a limited number of sense organs, which are only responsible for a very limited number of elements in perception.

The light that can be perceived by humans makes up only a tiny part of all electromagnetic waves in our environment (visible light: 400–700 nm). This allows the quality of brightness, colors, depth and edges in space – even in motion – to be recorded. We cannot use other electromagnetic waves – ultraviolet or infrared radiation – although snakes and bees can. We experience similar limitations in hearing, as we can only process sound waves in the range of 20 Hz to 20 kHz. Other ranges are not accessible to us. Other creatures, for example dogs, can detect further ranges with their sense of hearing.

An important area of perception is attention. It plays a central role. Attention determines which information I turn to. Attention determines which information from the total

Fig. 1.2 Ebbinghaus illusion



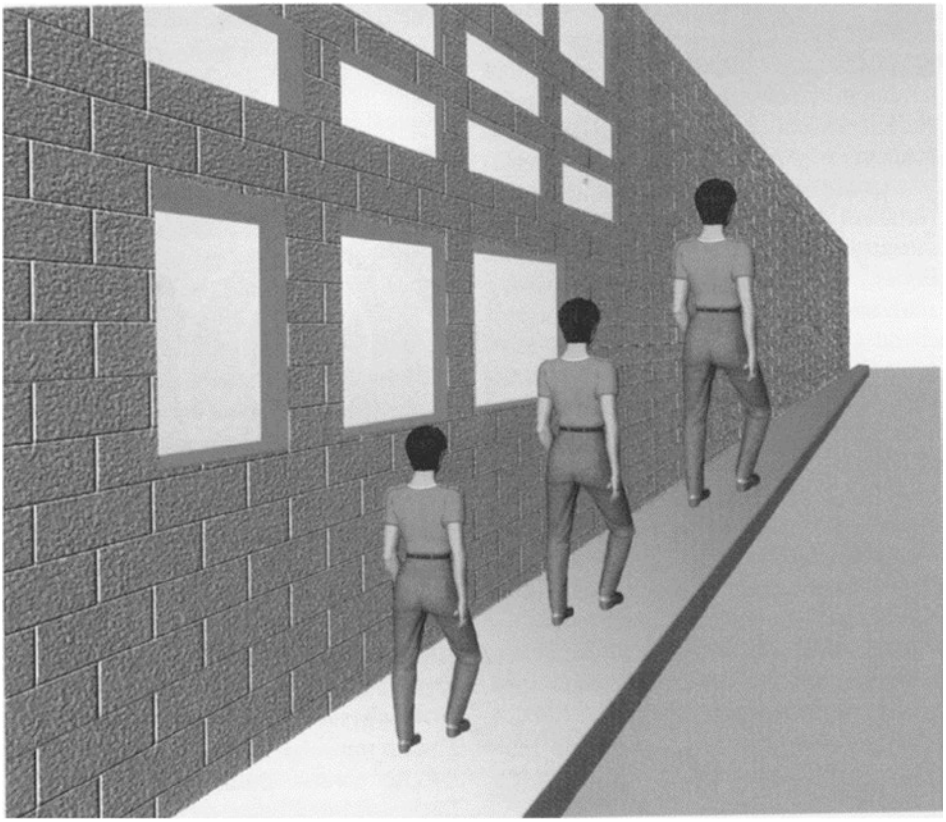


Fig. 1.3 Relative size

number of all available is processed further and it also determines what we learn, remember and think, for example. The outcome of a perceptual process ultimately leads to whether I act or not, whether I enter a business or pass by. The quality of the perceptual process determines what product I turn to or what I ignore. The multisensory data is only one part of perception. My thinking, my memory, remembering and forgetting, and above all, the context in which I perceive my environment plays a central role.

1.6 Context Dependency and Multisensory

Most of the mistakes made in stationary retail are caused by not taking into account the contextuality of human perception. The fact that we always perceive the world, stores and products in context has been more than sufficiently proven in retail. A sports shirt in the context of a brand not only causes the runner to evaluate the product as better than the same shirt without a brand symbol, but actually helps them perform better. It causes the runner in the branded shirt to run demonstrably faster. The wine from the taverna at my seaside resort was so exquisite in taste that a couple of bottles were taken home immediately. At home in the poorly ventilated living room, the same wine suddenly tastes horrible. What happened to the wine on the trip home? Nothing. Only the context to the environment has changed.

The cheese that is supposedly from the supermarket tastes better than the cheese that is assigned to a discount store. This even when one explains that both samples are the exact same cheese. Here, a context is established between retail form and the quality of the cheese. It is in no way proven that the test persons made a wrong statement, but that the cheese assigned to the supermarket really tastes better in their perception.

The previous chapter has explained what happens here: The taste consists of the ingredients of the cheese, which is produced by the information of the sense of taste. But this is only a part of the total perception. In addition, there is also thinking, remembering and context dependency. If this context is created in this way, the cheese tastes subjectively better to the test subjects and this is decisive for them.

The Online Encyclopedia of Psychology and Education (Stangl 2020) describes an early example of context dependence in commerce. In 1824, Parisians complained about the quality of the fabrics in a renowned textile factory, because the colorful yarns they had been shown in the showroom were not the same as those in the fabrics they had taken home. This difference, however, was not due to the material nature of the fabrics, but to the perception of the buyers. The colorful context in which customers had perceived the fabrics in the showroom changed at home. Because colours always look different when seen on their own than when embedded in the context of other colours.

This shows how important contextuality is in the application of multisensory technology in stationary retail. Only if all elements of multisensory technology, such as materials, colours, sound and scenting, are in context with each other, can a continuous positive perception be created. In this context, it is even better to do without a specifically controlled multisensory measure than to use something that does not fit into the context of the overall perception.

1.7 Principles of Design in Multisensory

Often shops are not judged by whether they are ugly or beautiful, but rather by whether they are harmonious or inharmonious. Often we come to a judgment at the first glance. We enter a shop and say, “Yes, everything fits together there.” We spontaneously perceive shop furnishings and design as uncluttered and inviting or just the exact opposite. Sometimes we are surprised to find that a certain interior is rejected by practically everyone, or another is found to be pleasant by almost everyone. Why is that? That it is perceived this way is because there is a common perception denominator. This includes a distinct perception of order.

If you briefly show people the picture in Fig. 1.4 and ask them which of the two additions is correct in the result, many people say that they could not work it out exactly in such a short time. In terms of the result, both additions are wrong. When they have to choose, by far the majority think the top problem is correct. The reason is that they see a clear order in the upper task.

Another perception denominator are Gestalt laws. Gestalt laws are basic rules for the design of many things and also very important for the design of salesrooms of any form. There are a lot of such Gestalt laws that should be used in the design of salesrooms. However, here I would like to deal only with some examples, everything else would lead here too far.

Gestalt psychology, which developed particularly in the first third of the twentieth century, viewed perceptual phenomena holistically. Its basic ideas can be expressed in one sentence: The whole is more than the sum of its parts. Gestalt psychologists found that we always try to bring the objects we perceive into a meaningful form with a certain structure, harmony and conciseness.

Organic wayfinding in a store has been shown to make people walk slower than a comparable straight wayfinding. Organic wayfinding entices more to stroll in a store. Organic rounded corners on retail furniture suppress the subconscious sense of pain that protects us from sharp objects. Rounded gondola heads make aisles appear wider. But it's equally important to recognize vertical and horizontal lines for orientation in a room. The lack of perceptual right-angled horizontal and vertical lines causes the eye to fail to find a horizon. It can easily make people feel nauseous, similar to the so-called "seasickness."

As an example, a few selected design laws are described below which repeatedly play a role in the construction of sales furniture and product groups (cf. Figs. 1.5, 1.6 and 1.7).

Design laws are just one example of the fact that multisensory in stationary retail is a very complex task. Today, technical developments make the use of multisensory in stationary retail very diverse. It is much easier today to use basic elements of store design in a more differentiated way. If you look at the development of lighting systems as an example, amazing possibilities arise. Today, it is not only possible to illuminate a shop, but also to influence the biology of the customer. The choice of materials for retail furniture and

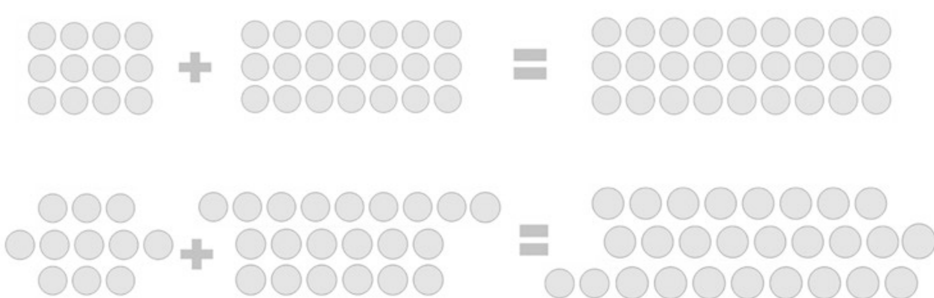


Fig. 1.4 Perception to order

Fig. 1.5 The law of proximity: Elements with small distances to each other are perceived as belonging together

Fig. 1.6 Law of similarity: Elements that look similar to each other are more likely to be experienced as belonging together than elements that do not look similar to each other

flooring has also greatly increased. All these elements have a multi-sensory impact on the customer. When we talk about customer-centric store design, we are talking about customers, and they are and always will be people. Because not every person is your customer, but every one of your customers is a person.

If scientific facts are impressively well established and support the hypotheses, then you would think that most people would be so persuaded by the experimental evidence that they would immediately change their views. Unfortunately, reality shows us a different picture. After all, not only are our customers human, but so are the decision makers in retail. Shopkeepers, general managers, board members and store designers are subject to the same laws of perception as every other human being on the planet. The fundamental need for comprehensive explanation about the world and ourselves is one reason why people stubbornly cling to outdated or foreign-thought ideas. General ideas become deeply embedded in our brains and shape our perceptions. There are still people, especially in stationary retail, who say they don't want to know anything about neuroscience's view of human behavior. They prefer the old fairy tales, even if they are at odds with science. After all, our sophisticated brains didn't evolve under pressure to discover scientific truths. Rather, they were only meant to provide us with the cleverness necessary to stay alive and leave descendants. Moreover, many people consider current scientific knowledge to be ethically inhumane and too difficult to understand.

But if our worldview and evaluations are based on faulty foundations, these ideas cannot succeed in the long run. Without the theories of science, things like electric light, satellite television, and computers would simply not be possible. Without Albert Einstein's theory of relativity, we would not have GPS or satellite and weather imagery. Without Maxwell's equations of electrodynamics, we would have neither radio nor X-ray machines. Without the Schrödinger and Dirac equations in quantum mechanics, we would have neither nuclear spin tomography nor something as commonplace as a cell phone. Experiments prove that many of the inconceivable theories of natural science are correct, even if they elude and even often contradict our world of sense and experience.

Fig. 1.7 Law of closure: Parts of a figure that are not present are supplemented in perception

Multisensory in stationary retailing remains a gamble without insights into the scientific basis of senses and perception. We can determine whether a stationary concept works or not, but we cannot say why this is so.

> "Exact natural science [assumes] that it will always eventually be possible, even in every new realm of experience, to understand nature; but that in doing so it is not at all a foregone conclusion what the word "understand" means […]." (Heisenberg 2018)

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Achim Fringes developer of neuromerchandising®, is not a theoretician, but a rousing salesman of the first hour. Starting as a food retail salesman, his path then led him from coop Dortmund to Kanne Brottrunk, where he managed international sales. As an independent Leonardo retailer with six branches, he then took the step into self-employment. Since 2001, he has been working as a consultant, coach, author and speaker and has brought his neuromerchandising® methodology to the world.

2 The Emotional Organization: Feelings, Senses, Consciousness

Beat Grossenbacher and Brigitte Mäder

Abstract

Stationary Retail is challenged to reform itself. The shopper leads the way and demands multichannel opportunities. Highlights in every respect and customer-binding discount opportunities are supposed to persuade the potential customer to buy. Customers want the ultimate shopping experience across all their senses, they want to be excited, engaged and surprised, otherwise they won't buy! Shopfitters are challenged – the POS, POI or POP has to fulfil all these factors, so the general opinion goes, otherwise stationary retail will not stay in the game. But what exactly leads the customer on our sales floor? CDA centre d'ambiance™ has been dealing with people and their unconscious actions for over 25 years. CDA works with its own conceptual approach and developed the FMA© Color Method Analysis, a unique basic tool for building multisensory interior designs. With insights from research, reports of experiences and clear questioning of existing and generally known procedures, CDA shows a slightly different point of view.

2.1 Introduction

Already a quarter of a century ago, we were challenged in various areas of sales promotion to deal with the topic of adressing the senses at the point of sale. From the work in professional scent marketing with our company Air Creative, the brand CDA and the associated centre d'ambiance were later created for the field of multi-sensory technology. To this day,

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we have been confronted with new scientific principles and theories time and again, which has constantly spurred us on to find out to what extent, for example, the results of studies can be directly transferred to the point of sale and applied in a meaningful way. This resulted in a lively exchange with highly decorated personalities, but of course heated discussions were also part of it. The rapid development, as well as the questioning of certain procedures, forced us again and again to set up our own test arrangements in order to get a feeling and also evidence for our further concept and development work of what exactly happens in the brain during decision-making.

We, too, were initially driven by the belief that the evidence is to be found exclusively in the brain. Against this background, we, like many others, tried to record thought processes by means of EEG in order to draw conclusions (Fig. 2.1). For a long time, our company poured vast amounts of money and human resources into this experimental department. We felt obliged to be able to prove our own theses and elaborated concepts in a broadly supported and well-founded manner.

Showing impressions with impressive pictures of the brain was the key to success! That was the general tenor.

From all the collected results, however, a certain disillusionment arised and finally insight emerged that man is not driven by individual sensory perceptions, but that he always moves through his life multisensory and also acts accordingly. This insight supported our thesis that our reactions can only be considered in the consensus of the totality of perceptual influences. The results on measurements via, for example, EEG, which could only take place in test environments, were from now on to be questioned and were no longer relevant in the form they had been at the beginning of our work.

Fig. 2.1 Electroencephalography (abbreviated EEG)

2.2 Store Concepts Today

In marketing today, we speak not only of the point of sale (POS), but also of the point of purchase (POP). Both terms mean the same place, they just look at it from different perspectives: POS, the place of sale, reflects the view of the manufacturer and retailer. POP, the place of purchase, on the other hand, looks at the store and everything that happens in it from the customer's point of view. At the forefront of people's expectations of what is the decisive element at the POS or POP is the space, the display and the product presentation. Conceptualizations and theses always present the sales space as if it can be transformed without external influences. Even more, it is usually perceived as a "uniformed vehicle" of the advertising message that can be easily transformed like a chameleon. New multi-sensory concept stores are constantly being created, because the shopper wants variety.

However, our decades of experience and research at the POS show a completely different picture. All the well-intentioned efforts of customer animations via multisensory elements very often come to nothing if they are not developed in consensus of the environment and the preload of circumstances. And it is precisely this environment or the circumstances that can usually hardly or only with great difficulty be changed. Thus, many well-intentioned concepts, which were based on scientific principles, were quickly discarded without being successful.

But why do these concepts, which are factually correct, sometimes fail? Our opinion on this: because one loses oneself far too much in details, orients oneself to defined procedures and ultimately lacks of customer focus. Most concepts are designed on paper according to clear principles and always require an ideal condition at the POS. Hardly anyone has ever considered that every POS is a small "village" in itself.

2.3 The Shopper, an "Emotional Animal?"

In order to be able to understand and comprehend our current working methods and theses, it is essential to deal with the evolution of man. In particular, the focus is on the fact that we still seem to be mainly "emotionally driven beings." Another important aspect is that we humans move through the world today with a focus on our rational thinking. But an even more fatal fact is that it is usually disregarded that there are clear limits to our abilities, including the abilities of the customer at the POS! These are repeatedly misjudged, even overestimated. We see ourselves as supernatural beings with limitless receptivity. We think we have everything under control, we control, plan and decide with a very clear strategy.

But is that the case? Could it be that we are misleading ourselves here and committing fatal errors of thought in our work because we have perhaps internalized a distorted image? We will return to these questions later with regard to the processing of sensory impressions.

If one is concerned with multisensory concept development, the first duty is not to deal with already existing concepts, theories and studies, to map and apply them, but to understand them in depth, partly also to question how they are to be meaningfully mapped to the human being. Because the human being is always at the centre! Even in today's smartphone age, humans still react the same in their basic unconscious behavior as they did thousands of years ago. Pragmatically speaking, even today we are driven by the struggle for survival. Consequently, many reactions and actions at the POS can be subjected in a very rudimentary way to the will to survive and the fulfillment of basic human needs.

2.4 CDA Centre d'ambiance™ Development Work

Two central elements and companions during the development work of the CDA centre d'ambiance™ were the concept development of the American brain researcher and psychiatrist Prof. Dr. Paul D. MacLean (Tribune Brain) and the social psychological model of the American psychologist Abraham Maslow (Maslow's hierarchy of needs). By intensively thinking through and combining certain elements, new ways have opened up for us to better understand people in their actions.

Even in today's multisensory conceptual work, we include the work in our consultations. It is clear that most people do not know Prof. Dr. MacLean, but with regard to Abraham Harold Maslow, voices are often heard saying, "Maslow, what an old hat, we know it all already!" Of course, Maslow is generally known and that this model has its justification and is still taught at all renowned universities and training institutes has its reasons. But is this model really so "old hat" and does knowing it also mean understanding it?

2.4.1 Model Prof. Dr. Paul D. MacLean

Neuroscientist Paul D. MacLean was an American brain researcher. He made valuable contributions to physiology, psychiatry and brain research. He was a USPHS fellow at Massachusetts General Hospital ("Harvard Medical School") from 1947 to 1949, conducting studies with Dr. Stanley Cobb. During this time MacLean researched psychomotor correlates of epilepsy and published his work on the "visceral brain" – in 1952 he coined the term "limbic system" for it.

In 1949 he received a position in the physiological and psychiatric faculty of the "Yale Medical School." Together with Dr. John Fulton, he researched, among other things, the brain mechanisms of emotions. During this time, he began to formulate his theory of the "triune brain," which became the basis of his research throughout his career. In 1956 he became "Associate Professor of Physiology" and spent a year in an institute of physiology in Zurich, Switzerland.

Triune Brain

The triune brain is a simplified brain model in which a hierarchical organization of the human brain, consisting of three phylogenetically differently old basic types (Fig. 2.2). According to MacLean's theory, humans have three "brains" that are connected to each other in many neuronal ways and that have very different structures and neurochemistry. According to his theory, they are from different epochs of the evolution. Together, however, they function as a "triune brain." In most cases, the evolutionarily younger parts of the brain continue to be very strongly influenced by the older ones.

Deep within lies a primal "reptilian brain." It is located in the brain stem and neighboring structures and generates phylogenetically pre-programmed behavior, such as breathing, heartbeat, waking and sleeping.

Later, the overlying "old mammal brain" developed, which humans share with cats and rabbits, for example. It corresponds to the limbic system, which, among other things, coordinates the messages coming from or going to the cerebral cortex and regulates our feelings and dispositions, such as the sex drive and the dispositions to aggression. Some learning also became possible for the first time in evolution with the appearance of the "old mammal brain."

With the development of the "new mammalian brain," especially through the considerable cytoarchitectonic differentiations of the neocortical area (neocortex), mammals were enabled to no longer devote themselves solely to the satisfaction of their primary needs. Equipped in this way, behaviour without seriousness was now possible for the first time, called play. Insightful and creative action thus became possible. The extent to which humans allow themselves to be influenced by their old brain parts depends not least on the

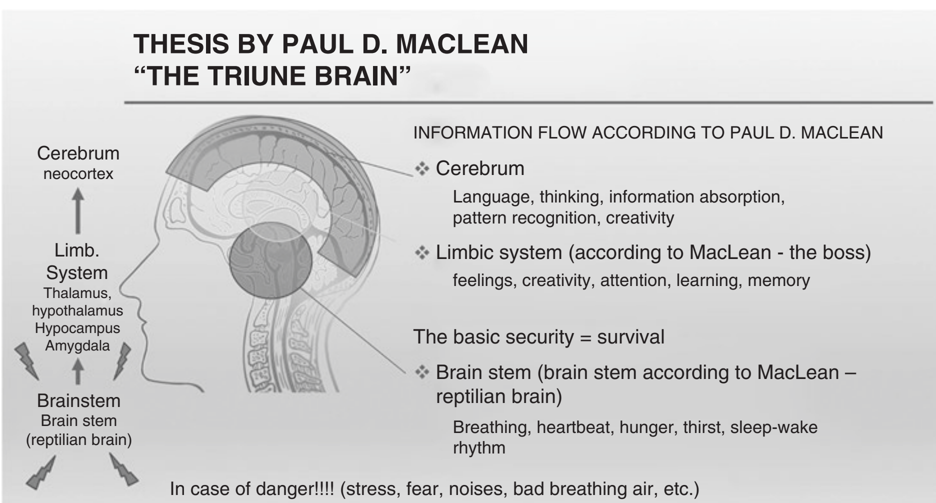

Fig. 2.2 The triune brain

rational abilities of the individual to come to terms with himself and his own archaic impulses.

The three "cerebrotypes" did not evolve independently, and primitive mammals, for example, already have neocortical parts, but to a much lesser extent than more highly developed mammals. The triune brain model is therefore not without controversy, but it offers a possible framework of orientation that facilitates understanding of mammalian and human behavior from a neurobiological perspective. Evolution of nervous systems and brains.

2.4.2 Maslow

Based on his conception of man, Maslow developed a stage model of motivation (pyramid of needs), which is divided into five stages (Fig. 2.3).

1. Stage – The physiological needs (food, warmth, etc.) are the most basic and powerful of all: The needs that are usually used as the starting point of motivation theory are the so-called physiological drives.
2. Stage – This is followed, provided that the physiological needs are largely served, by safety needs. Under safety needs we understand safety, stability, security, protection, freedom from fear, need for structure, order, law, boundaries, protective power.
3. Stage – Next, social needs emerge. When both physiological and safety needs are satisfied, the needs for love, affection and belonging will emerge.
4. Stage – In the further course, needs for respect and
5. Stage – Self-actualization are served.

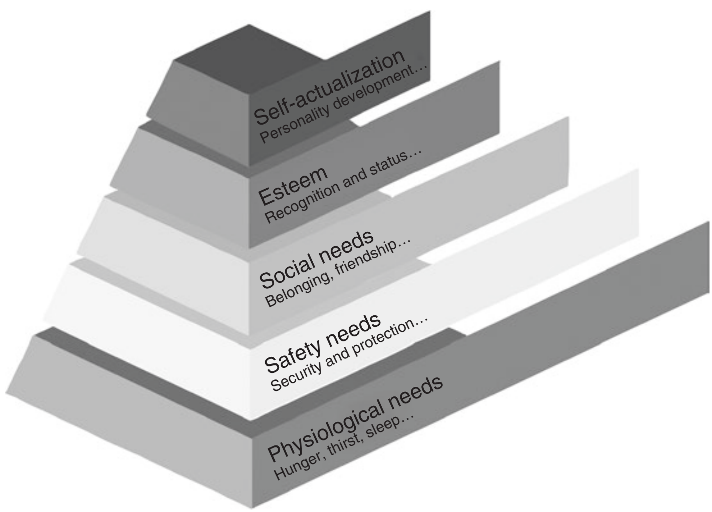

Fig. 2.3 Maslow pyramid

Maslow claims that there are real psychological and functional differences between the "higher" and "lower" needs. The higher needs specifically distinguish humans (as opposed to, for example, animals), but are not absolutely necessary for their survival. The needs can also be differentiated according to deficit needs (essential needs, 1st–fourth level) and growth needs (higher needs). Deficit needs must be fulfilled in order for satisfaction to arise; the additional fulfilment of growth needs means happiness that goes beyond satisfaction.

2.4.3 CDA Findings from Development Work

Only when the deficit needs are satisfied, the person feels safe and can turn to the other needs. At first glance, all this seems to be comprehensible and clear, logically explained and pictorially depicted.

But what exactly can we do with this? What do these explanations bring us for our work, what for the design of the POS, POP and POI, the place where customers inform themselves about products? During our research and development work, we have drawn some comparisons and worked out important basic rules for us.

If we consider the theory of Prof. Dr. Paul D. MacLean and superimpose Maslow's hierarchy of needs, it is striking how the two quite different works merge into one another (Fig. 2.4). If we bring both theories together in relation to emotionality and our actions, we get a picture that seems to be particularly important for designing the POS.

We call it, "The Doctrine of Threat and Joy!"

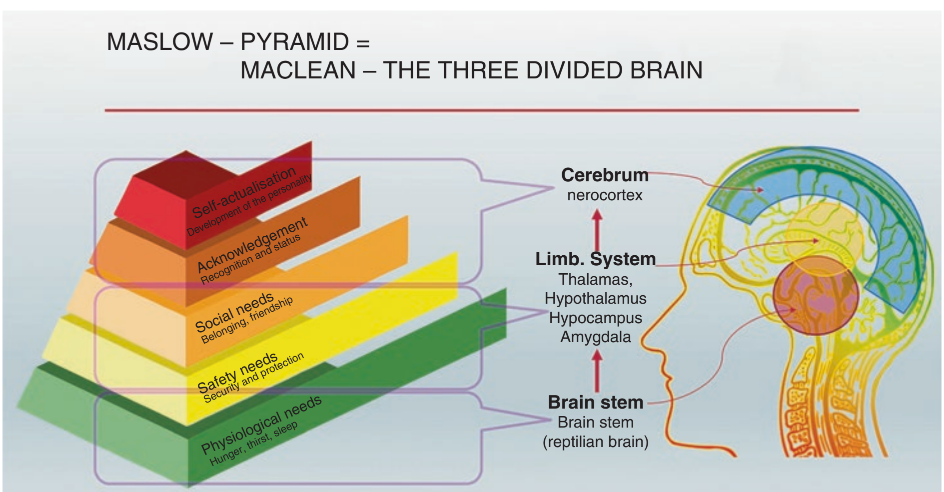

Fig. 2.4 Combination of the Maslow pyramid and MacLean

2.5 Threat and Joy

In order to be able to correctly assess people in their behavior, we must understand their emotional worlds, which trigger their actions. Thus, for the assessment of the POS, the question always arises, where are the natural “threats” and how can we generate “joy.”

Naturally, today at the point of sale almost exclusively the topics of pleasure are worked off. Hardly anyone thinks about what other influences can be found in the environment of the point of sale and how these influences affect a concept of product presentation. How the topic of “threat” by the environment is worked off at all is quite obviously shown in the science. Surprisingly, there are only sparse studies to be found that address this topic. This is probably due to the fact that there are no laurels to be won with this topic and that it is perceived as tedious to analyse local conditions in detail. Negative impulses caused by local conditions are apparently non-existent for many designers of the POS, although they are usually omnipresent in some form or other. Eyes, ears or nose are literally closed here. Many seem to believe that the POS is an island of its own, which these factors cannot harm. We have never found any evidence of negative external influences or local conditions in the store concepts submitted to us for analysis. The concept only starts on and with the space.

If you take a deep look at the POS, the first question that comes to mind is: What is more important for people at the POS: the joy or the threat? Most would answer this question with certainty: of course the joy! So this would inevitably mean, we need to produce as many pleasures as possible for the buyer. Beautiful products, as much choice as possible, a wonderful environment, etc. …. And here we are with the usual, familiar procedures that lead us, or even tempt us, to apply the knowledge we have learned in marketing according to “schema F” and usually get lost in the details before we have even dealt with the basis. It **is important to remember that every single threat overrides many times the joy!**

If we analyze our POS, POI or POP, we must first take care of the negative influencing factors – so-called pain points. If we do not do this, the actual situation is always left to chance. If the goal is to encourage potential customers to buy, to keep them in the store longer or to get them into our store in the first place, threats must not be a priority or we must be clearly aware of them in order to be able to counteract them. **Because threat also means escape!**

The limbic system is primarily responsible for judgement and above all for unconscious, intuitive decisions, because it is responsible for emotions and social competence. If we use Maslow’s pyramid and our comparison with MacLean, the limbic system is located in the middle of the pyramid. Only about 5% of the emotionality and the corresponding subsequent actions are generated in the cerebrum (upper area of the pyramid), i.e., in the conscious perception – connected with rational thinking. The lower area of the pyramid is seldom considered or consciously attended to, although the pyramid collapses in on itself (and thus possibly our concept,) In reverse, briefly and transferred to our work, this means, joy can only arise, if security and trust are addressed and if possible no kind of stress arises.

Threat: Negative Impulses

Which emotions belong to the pleasures or the threat is always to be seen in the consensus of the activity or environment. From the survival strategy and from the point of view of the "triune brain," first of all, all sensory impressions are a threat, which can endanger our health and trigger stress. Such impressions are mainly processed in the brain stem. We can hardly influence the brain stem with the cerebrum. The brain stem is there to ensure our survival, therefore the brain stem is also the one that can implement the action the fastest. For this purpose thought processes of consideration are only a hindrance, consequently these do not become active at all. The reaction starts immediately, there is no time for conscious considerations.

What does this mean when we consider the POS/POP?

Olfactory

Let's take a look at this using the sense of smell as an example. In the case of a negative impulse, such as an odor nuisance, the brain stem immediately changes the respiratory activity. As a result, the hormone "adrenaline" is released. In such an environment we can send out as many so-called positive impulses at the same time, the brain stem cannot be manipulated.

Who now believes that this reaction only sets in when we objectively perceive the negative odor impulse, is mistaken. The reaction starts much earlier. With some odors, it only takes 2–3 odor molecules and the emotional upset already occurs. Measurements have shown that in addition to the discomfort, the blood pressure and pulse rate very quickly raise. This means that in such an environment we are more likely to get into a flight or fight mood than enter a benevolent calm phase.

In such situations, people usually take the easy way out and assume that they will get used to the smell. Yes, we can and must get used to bad smells after a certain time or learn to deal with them. This is a natural protective mechanism. However, we cannot prevent superficial breathing and stress. There are a number of studies that show that unpleasant odours are not only annoying, but also have a significant impact on our health (Hillebrandt 2015; Linde Gas GmbH 2016). However, this only applies to places to which people MUST return again and again anyway, such as the workplace. At the POS, however, retailers often only have one chance. A POS with an unpleasant odor environment is more likely to be avoided and intuitively left than to be attractive.

Here, too, the principle is to eliminate the threats (pain points) first. For this purpose, there is a professional odor neutralization, which can be produced precisely tailored to a wide variety of negative odor situations. In this way it is possible to free zones individually from negative burdens and to play with them in a correspondingly positive way. Freely according to the motto "shower before perfume."

Acoustics

The same applies to negative background noise, which we encounter again and again in our room analyses. In supermarkets, for example, we have often come across doors to warehouses right next to displays of fresh food. The rattling noises from the Backroom have an impact on the customer and, so to speak, bring their heart to a standstill for a brief moment. When asked why such doors are used, the argument of price is always put forward and that staff find it very convenient when the door automatically opens upwards. Price and functionality are clearly placed at the forefront, without thinking about the background noise the customer is ultimately in at the POS and whether this does not have a negative impact on the shopping cart.

Even so-called "customer-related music styles" are often only well-intentioned. There are very few areas where conceptually applied music actually works as a positive amplifier. Music has immense unconsciously playing side effects. The beat is set and this also influences the speed at which the customer moves at the POS. Furthermore, as soon as we are in the conscious perception, the decision is always made whether one likes something or not. Music that encourages dancing at the Street Parade, for example, can even create a threatening backdrop at the POS. Even with such impulses, the blood pressure changes and the pulse rate rises. Set up and presented in an ill-considered way, audio marketing is a well-intentioned investment that is unfortunately doomed to failure. In many places it makes much more sense to place music in the form of soundscapes, as a tapestry of sound. Sounds should usually be part of the whole, run in the background and be tuned to the clientele and the product.

Light and Shadow

Light can also not only have a positive effect, but also pose a threat. We absorb light not only with our eyes, but also through our skin. However, the eye in particular is there to detect dangers. On sales floors, for example, there are often spots that could set off a product wonderfully, but which are left to chance in day-to-day work. Lighting that is not properly aligned can draw the focus to the wrong spot or create a glare effect. Observations and recordings show very clearly: where lights directly catch our eye, we turn away, we intuitively avoid them, so to speak. We are very reluctant to expose ourselves to lights where the eye feels disturbed. But if you think you can simply point the spotlight at the product, you are mistaken. Here, too, the position of the person moving in the sales environment must be looked at carefully and it must be checked whether the height of the customer's eye is not negatively affected from a different perspective.

A very impressive example from our work was the analysis at a well-known bedding supplier in Switzerland. The test lying is a decisive moment for the possible purchase. In addition to the positioning of the test bed, we encountered very beautifully illuminated mattresses and beds. However, at the latest when lying down it became clear that these spotlights were only designed for product illumination and one did not test how the potential customer feels when lying down on the mattresse. The spotlights shone directly into the eyes. The glare was so strong that the eye needed minutes to recover. It is at this exact moment that the body will not accept the mattress when test lying, but the disturbance factor will take over. At this point the central question arises: where does the customer make his purchase decision? Just as in a fashion store the decision to buy is usually made in the changing room and not, as is supposedly assumed, at the shop window or on the sales floor.

Light and shadow can also have an unfavourable effect on customer flow or dwell time. Our studies clearly showed: shadows on the ground divert us, correctly used lighting in the distance attracts us. So we like to use such impulses as unconscious waymarking or customer flow control. With such impulses, the customer is guided without consciously noticing it. However, it is also important to bear in mind that he can also be misguided.

Incongruence

Sensory perceptions that are not in the consensus of the environment can also be described as threats.

Especially in shopping centers, people like to talk about the "smell of bread" through freshly baked rolls, which is supposed to stimulate customers in their buying behavior. If we now assume a food court area, there should accordingly be nothing better than the fine smell of a pizza that revels through the aisles. But here it is important to clearly define that this is only true for stimulating the feeling of hunger and even here only conditionally when the negative cooking smells are switched off. If customers would now like to visit a fashion boutique or a beauty department, the scent of pizza must by no means be a companion. If we draw the link to professional scent marketing at this point, it quickly becomes clear that this must also be thought through very carefully, divided into zones and developed in a differentiated manner if it is to have a sales-promoting effect and not appear as a pain point.

Spicy scents, for example, can stimulate feelings of hunger, but hardly animate the desire to buy in an environment of beauty and fashion. Scent marketing can therefore only ever work if the relationship to the environment and the product is congruent.

Incidentally, on the subject of scent marketing, it is worth mentioning that there is no such thing as the so-called synthetic "bun scent," which can stimulate our feeling of hunger. With synthetic scents, we always need an image to consciously associate. This is in contrast to essential oils, which have the ability to trigger an activity/reaction via the brain.

2.6 The FMA© Color Method Analysis

Our FMA© colour method analysis combines knowledge of colour theory with that of neuroscience (Fig. 2.5). It is based on the fact that humans can comprehend all sensory perceptions in a color code. If we touch iron with our eyes closed, in most cases the color

Fig. 2.5 FMA color method analysis. (Courtesy of © iStock.com/hidesy 2014. All Rights Reserved)

code "blue" is addressed, even if the object is of a different color, for example red. If we take this fact into account, the whole color theory becomes the central part of an emotionalization at the POS.

The color theory is already very old in the basic features. The Greek philosopher Democritus describes the beginnings. Leonardo da Vinci, Isaac Newton and Johann Wolfgang von Goethe also observed and researched this phenomenon of how colours affect us.

2.6.1 Goethe

In an exchange with painters and philosophers, Goethe dealt intensively with colour, which stood as a unit in his overall view of the world. He discovered the phenomenon of subjective colors and basic principles of color vision, the afterimage effect and simultaneous contrast. From his own point of view, he was interested in the phenomenon of coloured shadows as part of a colour theory that understands the emergence of colour from the living interaction of light and dark. Inevitably, he felt that the basic phenomenon of Newtonian optics, which is based on the colour spectrum of a refracted light beam, was an aberration. Through the prism, a yellow and a blue edge are created by "pushing light and dark over each other." These edges mix into green or red depending on the proportion of light and dark (this is how the colours of the rainbow are created – red, yellow, green, blue, violet). Yellow means a greater proportion of light, blue predominant dark.

In addition to the physical decomposition of color, including color mixing, Goethe (citing Runge) was concerned with the sensual-moral effect of color. From his understanding of colorfulness, the harmony of color is to be sought in the struggle between light and dark. Yellow, the “victory” of light, has a light-living effect, blue a dampening one. Purple is the highest enhancement, because the opposites balanced each other.

2.6.2 Origin FMA©

Now, two centuries after the publication of Goethe’s work, his contribution to the theory of colour is certainly of cultural and historical significance. His thoughts on physiological colours and their effect on the viewer have been taken up and further developed by us. His observations and methods regarding the effect of colours are primarily the starting point of our research activities and can be seen as the beginning of colour psychology at the POS. Goethe’s basic statement was that colour influences feelings and thus has a direct effect on the “soul” and thus also on the unity of body and mind.

Together with the research of the EEG (method for measuring brain activity), the findings of the CDA centre d’ambiance™ now led to a pairing of the knowledge of color theory with the assignment of attributes of individual statements. Thus, statements about love or eroticism are always associated in the subconscious with the color “red,” whereas statements about family and trust are associated with “blue.”

The revolutionary thing about our research, however, was not the realization that we could confirm the statements of color theory. The revolutionary thing about it was that we found out that man can probably dissolve every sensory impression in a color code. Sound sequences, for example, can also be understood in terms of colour-emotionality. Sound sequences that hit us in a slow wave motion tend to be perceived as calming and relaxing. Sounds emitted in this way can be assigned to the blue range. Fragrances and smells are also predestined to be perceived according to a colour code. Spicy scents are perceived as centering, strengthening and health-promoting, and are therefore associated with the color “green.” Seen as a whole, a firework of emotions arises in the human brain, which can be resolved via a colour code.

As an aid for the development of a conceptual tool, we translated concepts into colors in consideration of the discipline of psychology. From this, in turn, a collection was produced in the form of FMA cards, which serves us today for the development of the color codes.

2.6.3 The FMA© at the POS: Application for the POS/POI/POP

Basically, the theory of color method analysis© can be applied anywhere.

It is important to understand how and what the POS should radiate, how exactly our customer works and what has to be considered from the emotional side. That is why we must always first ask ourselves the three central questions for the development of the colour code and relate the answers to the associated statements:

1. Who are we?
2. What is important to our customer?
3. How do I (we) want to be perceived?

Without internalizing and explicitly answering these questions, we will not succeed in properly approaching an emotional presentation at the POS. Interestingly, the same picture emerges again and again during our FMA customer workshops. Even the question "Who are we?" in relation to the company or company divisions presents a challenge. Particularly in the case of larger companies, where people from all possible areas of the company organization are usually present, it becomes clear with astonishment that completely different perceptions and points of view exist. Often a certain tunnel vision is recognized by the participants. The same applies to the development of the other two questions. Here it usually becomes very clear that one has not dealt with these central questions for a long time or only very superficially. Astonishing results are the final outcome, which always differ from the initial assessments. From these results of the workshop, the color code is finally created, which serves as a guide and basis for concept development or implementation.

The FMA© gives us the opportunity to create environments in which people can feel comfortable, feel emotionally addressed and which are precisely tailored to companies or business areas, always with the customer as an emotionally controlled person in the center. It can contribute to creating an environment that is not only perceived, but experienced intensively. It can stand as a single element and form an overall concept or serve as a companion and provide valuable input. At best, each type of sensory stimulation ultimately sends information that matches or is congruent with the other sensory stimulations.

Colours, music, fragrances or touchpoints – cross-sensory harmony is the key. It is the unified overall sensation that unfolds the effect of multisensory enhancement in the first place. The art here lies in the transfer of the results of the FMA©, i.e., in the translation of the colour code to all relevant sensory stimuli, such as optics/visuality, haptics, olfaction, sound worlds – sometimes even gustatory.

Studies confirm that matching impressions are processed up to ten times more intensively in the brain. This means, as it were, a considerable increase in memory and recognition performance, as well as in differentiation.

2.6.4 Insights into Practical Examples of FMA© Color Method Analysis

The colour method analysis has already accompanied many of our multisensory projects or concept consultations. From concept analyses with suggestions for change to overall concepts, it has been impressively demonstrated again and again in many works how much added value multisensory technology brings with it. The diversity of FMA's application has been demonstrated time and again, both in work for small and medium-sized enterprises and in projects with large corporations such as EDEKA, Migros, MFI Management für Immobilien AG and many more.

Excerpt from a Color Method Analysis of a Food Retail Chain from Germany for the Multisensory Optimization of Store Design

In the analysis of the current situation, the CDA uses a complex and very detailed analysis documentation to show how the current situation is presented (Fig. 2.6). In doing so, the individual senses are dealt with, existing problems are pointed out, but also positive effects, competence points or reinforcers are determined. Finally, the cross-sensory congruence of the existing situation is assessed, especially with regard to possible factors influencing the customer's unconscious actions.

The results of the spatial analysis, i.e., the actual situation, are combined with the FMA in such a way that finally an explicable and transparent documentation regarding cross-sensory congruence is created. The transfer into the spatial representation always takes place under the aspect of the unchangeable conditions. This results in the implementation catalogue created by CDA, with corresponding implementation proposals and associated visualizations.

The result after the FMA workshop provides the basis for the conceptual design, the addition or modification of a store concept (Fig. 2.7). The results of the spatial analysis, i.e., the actual situation, are combined with the FMA in such a way that finally an explicable and transparent documentation regarding cross-sensory congruence is created. The transfer into the spatial representation always takes place under the aspect of the unchangeable conditions. This results in the implementation catalogue created by CDA, with corresponding visualisations and implementation proposals.

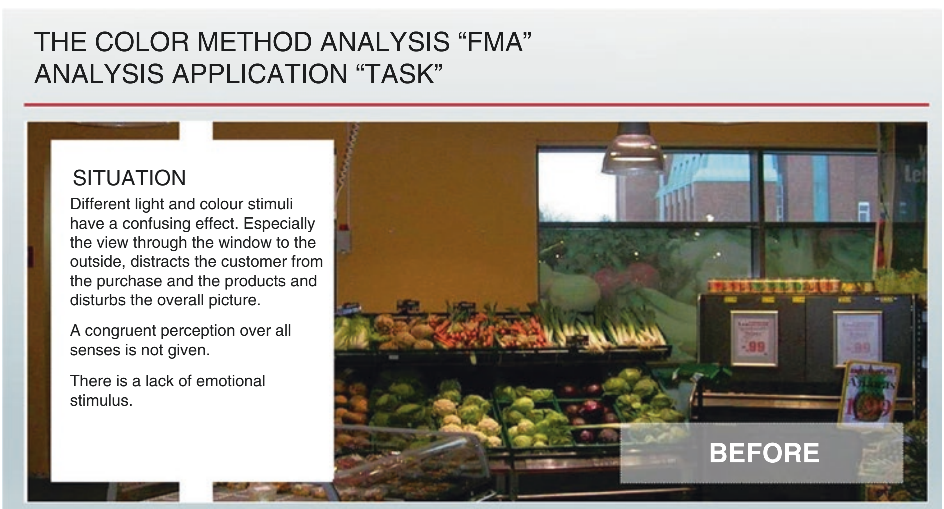

Fig. 2.6 FMA – Analysis of the actual situation from a multisensory point of view

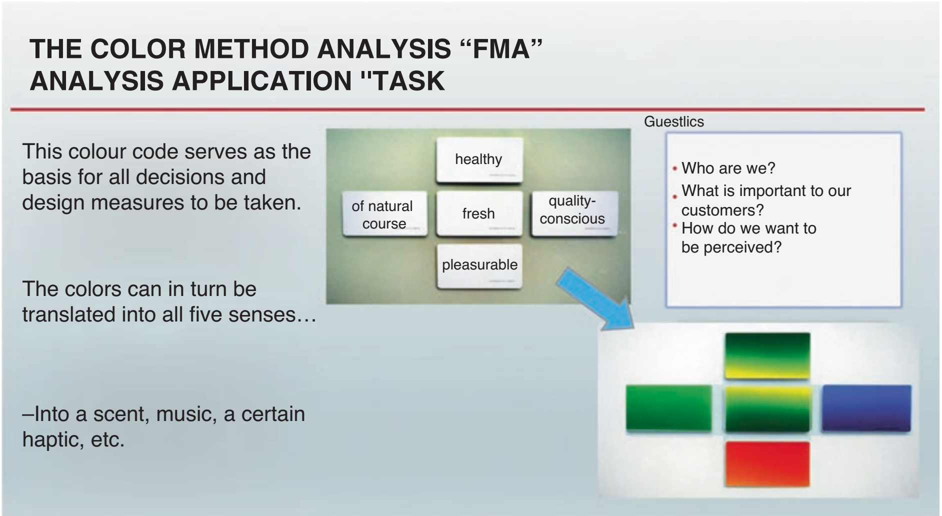

Fig. 2.7 FMA – Workshop

Report of the Lebensmittelzeitung about concept and sales increase to the overall conceptual multisensory implementations with Air Creative/CDA centre d’ambiance. (https://c-da.ch/content/presse/).

Excerpt from a Colour Method Aalysis for a Store and Shop-in-Shop Concept and the Associated Construction of a Sensory-Congruent Scent for Neuromarketing
Figures 2.8, 2.9, and 2.10 visualize a color method analysis for a store and shop-in-shop concept.

Example of an Overall Conceptual Implementation via FMA© with Additional Offer Extension
Figures 2.11, 2.12 and 2.13 give examples of an overall conceptual implementation of an FMA concept.

2.7 The Emotional Organisation: Recognising and Implementing It

At the outset, the question was raised “Could it be that we often mislead ourselves and make fatal errors in thinking?” With our current level of knowledge, we would answer the question with a resounding yes. Why?

Many years ago, we ourselves had to make the painful experience of what it means when one is not concerned enough with the customer/visitor. What it means when you

Fig. 2.8 FMA – Result customer workshop CI fragrance to store concept

Fig. 2.9 FMA – Scent concept

create an area with your own tunnel vision, internal understanding and expertise and try to win customers with it.

The preparations for a large trade fair in Switzerland were in full swing. Multisensory was to be the topic for the first time, parallel to our core business at the time, professional neuromarketing. We wanted visitors to experience that olfaction is only one part of a whole and that sensory stimuli such as light, colours, sounds, scents and even haptics influence each other. We elaborately put together a stand concept, which was equipped with technology via various labelled light boxes, so that we could show how, for example,

Fig. 2.10 FMA – Scent concept

Fig. 2.11 FMA overall concept

a scent can change in perception if we change the light colour at the same station. Or, how the taste of apple juice changes when we associate it with different colors, and so on. The enthusiasm of the visitors was great. They were amazed at what our brain can do with us. Full of pride that we were able to present this so impressively, we confidently went on to our daily business. But disillusionment came quickly. When we followed up on the trade fair contacts, it immediately became clear that we had by no means addressed the people where we should have and wanted to!

Fig. 2.12 FMA overall concept

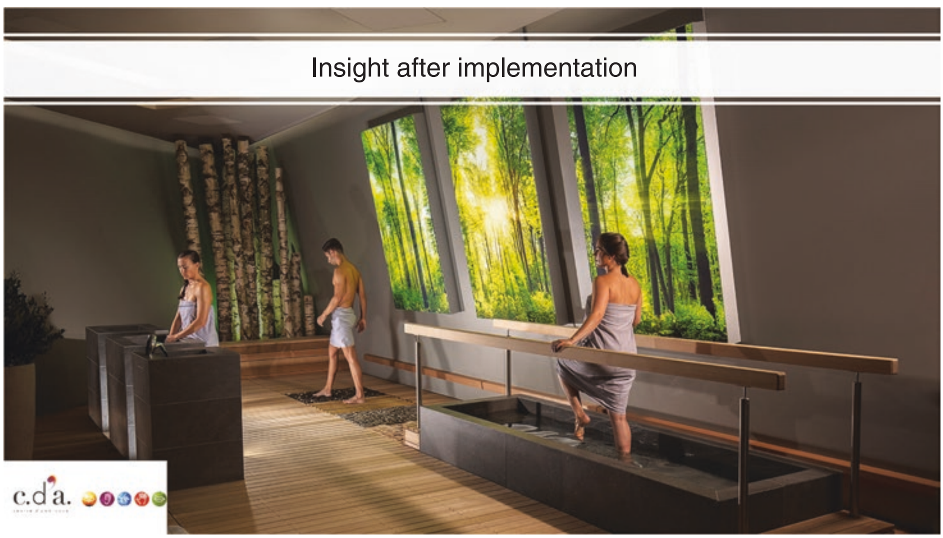

Fig. 2.13 FMA overall concept. (Courtesy of © Bernaqua 2020. All Rights Reserved)

What had happened? Quite simple: we had tried to amaze people – indeed, to polarize them with our findings. The fact that we ourselves had subliminally triggered an overload and perplexity through these fascinating, abstract transmissions, and by no means an understanding of multisensory as a concept, was something we were only aware of afterwards. We had unintentionally created a complete sensory overload.

When faced with an overload of stimuli, people react with uncertainty, stress and exhaustion and are no longer able to absorb or classify things. However, the insight gained from this was another milestone for us.

POS Design in Stationary Trade

The fact that up to 95% of all actions take place unconsciously forces us to analyse our POS in detail and to bring it as close as possible to the customer on an emotional level. When it comes to creating considerations for the emotional optimisation of the POS, we always catch people digressing into the conscious perception of the customer. That is, thoughts keep circling back within the customer's conscious decision-making level, i.e., within the 5% (Fig. 2.14). **However, the goal must be to address the 95% as well as possible.**

POS equipment is very often only geared towards visuality, modernity and eye-catching, polarizing elements. Of course with success for the POS designers, because what positively catches the eye of the shop owner and is extravagantly positioned, pleases and often even wins prizes! The reasons why a POS designed in this way sometimes does not function optimally can usually not be understood by anyone, because only experts were at work! Experienced architects, designers and planners, specialized lighting designers, brilliant marketing experts, etc..

Striking imagery, good illumination of the area, abstract style seating, great music, changing lighting that changes in time with the music. Since smoke is always drawn onto the sales floor via the smoking room, a perfume smell that the marketing team particularly likes is used, which also serves neuromarketing at the same time. This is how the majority of sales areas show themselves to us in this day and age.

In the preceding description, work was done with the often encountered diversity, which at first glance is based on an interesting, varied and striking POS concept. Such

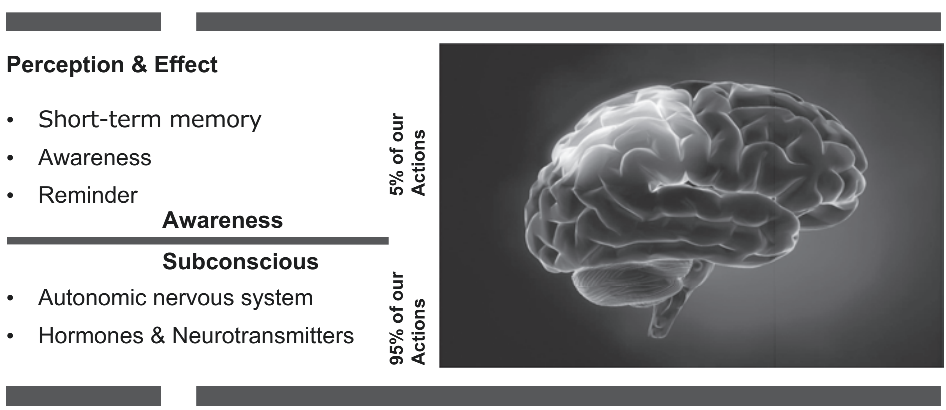

Fig. 2.14 Conscious and unconscious perception. (Own illustration; courtesy of © iStock.com/janulla 2012. All Rights Reserved)

works sometimes result in almost unsurpassable “art objects.” At second glance, however, it becomes clear that some points need to be examined more closely. These are again to be found in the basic elaboration described by us.

1. **Threats –** don’t drown out room odors, eliminate them, other threats?
2. **Sensory overload –** many, perhaps too many polarizing elements, changing lights?
3. **Haptics –** seating, only eye-catching or also haptically correctly selected?
4. **Illumination –** was only illumination used or were accents also set?
5. **Scent marketing –** professional scent marketing is never based on your own personal feelings.
6. **etc.**

We do not want to belittle such work at this point, we just want to point out that we must not forget the human being as a shopper and “emotional animal” and that one of the most important points is the sense-congruent interaction. So it can be a fatal mistake for any specialist company to try to create highlights when planning a POS in the world in which they operate. The danger is to forget that all these highlights should ultimately harmonize in the interaction of the senses. Especially in today’s time of digitalization, modernization and prosperity, it is very difficult to be on the road with the principle “less is more.”

Let’s go back to our own experience. After our failed attempt to bring multisensory technology closer to visitors and potential customers, the desired success finally came. It was clear to us that we had to find a way that the person who visits us on the floor understands how multisensory and congruent sensory play is to be understood within a very short time and without long explanations. We said goodbye to highlights and fascinating proofs and experiences. We moved away from showing that we can “play” with the senses of the customer or visitor. We started planning sample room setups for trade show displays. All sensory stimuli, image worlds, sound worlds, lighting and also haptic elements were congruently coordinated and depicted via so-called sensory scenes. In doing so, we made sure that none of the sensory displays polarized.

With an OCMSS (Open Control Multisensory System) room control system developed in-house and the associated programming, we created cross-sensory room atmospheres that can be called up at the touch of a button or played automatically via a daily planner. The visitor was thus able to enter a room atmosphere that we had predefined. Quite subtly, however, by pressing a button, we were now able to change the mood. The room changed with immediate effect, but only purely sensory and very softly. The room with its furnishings served us only as a shell. So the visitors **felt** how the same room can be perceived rather cool, how it can radiate warmth or calmness, or even how it can put a “smile” on our face. All this without having to go to another room or change furnishings. Everything happened just by us swapping sensory stimuli (Again, by the way, these congruently switched worlds find the basis in the FMA© color method analysis). At the same time, via the control, we also had the opportunity to show what it means when sensory stimuli act incongruently on us humans. And lo and behold, this time it worked. The visitors could even understand very well what congruence and incongruence mean and this without us having to give long explanations, **because they simply felt it.**

But by far the most beautiful effect, and for us again a confirmation of what we were doing, was that some visitors mentioned that it was amazing that they could suddenly relax inside a large exhibition hall. That they had forgotten for a moment that they were in an environment filled with stress factors such as loudness, lack of space, etc..

Exactly this shows us what we can achieve with the creation of room atmospheres via soft factors. It shows us what untapped potential lies in the "soft skills" and it shows us that not everything has to be big, flashy and screaming loud. The fine mixture is what makes it!

The path of multisensory technology is a common path with the customer as a human being in focus. Let's tread it. Let's create new worlds of emotions!

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Beat Grossenbacher and Brigitte Mäder elaborated the unique teachings of the CDA (centre d'ambiance). They are the founders and owners of proSensos consult AG, with the associated companies Air Creative (neuromarketing) and Grorymab AG (owner of the CDA/multisensory brand). Their unique multi-sensory approaches and conceptual work were used by large retail chains years ago. The added value and increased sales resulting from her work have always attracted attention. In addition to their project work and implementation support, they impart their knowledge via training courses and workshops. Research and development work are their daily companions.

3 Perception Research and Its Significance for Retail Marketing and Shopper Research

Andrea Gröppel-Klein

Abstract

Every person lives in his or her own world of perception. Normally, when shopping in a department store, consumers do not consciously perceive all the thousands of items available there, but concentrate on a selection and put together their own shopping basket, which differ from those of other customers, quite individually. This is a consequence of their perception. Perception is a subjective, selective and constructive process. In the context of this paper, we will first explain the concept of perception and point out that perception is usually a complex interaction of different sensory organs, whereby the individual ultimately attempts to form a cognitive representation of the environment (e.g., a shopping place). Visual perception is particularly relevant here. In addition to conscious perception unconscious perception at the point-of-sale (POS) plays a crucial role. Background music at the POS, for example, is often only experienced subconsciously, but it can influence our behavior. Perception is always contextual, the context can influence how we perceive the environment. For example, many consumers will probably perceive and subsequently buy freshly baked bread if a corresponding scent can be smelled at the POS. The context, in turn, can be designed accordingly. This article discusses the relevance of perception research for explaining consumer behavior at the POS as well as practical conclusions for (retail) marketing.

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3.1 Understanding of Terms

Perception is a process of information processing through which both received environmental stimuli and internal signals are decoded (Kroeber-Riel and Gröppel-Klein 2019, p. 304). Perception is referred to as a classical sub-discipline in general psychology, along with emotion, motivation, learning, memory, and thinking (Prinz et al. 2017, p. 9). Yet, within this sub-discipline, it is necessary to deal with different aspects of perception; for these show, on the one hand, how complex perceptual processes can be and, on the other hand, how interwoven they are with the other psychological sub-disciplines. Thus, the question must be asked whether perception and attention are closely intertwined, that is, whether only those stimuli can be decoded to which our attention is directed. Here, the interlocking of cognitive perception with the affective processes of emotion and motivation also becomes apparent: Thus, it is reasonable to assume that we preferentially perceive those stimuli that satisfy our motivations. If we are thirsty, we will focus our attention primarily on drinks and thus perceive drinks predominantly. But do we not also have unconscious needs that lead to unconscious perceptual processes? This leads to the follow-up questions of whether conscious perception always occurs or whether unconscious perception is also possible, i.e., we unconsciously process stimuli to which our attention is not directed. The measurement of unconscious processes is not trivial; ultimately, it is assumed that unconscious perception has taken place when changes in experience or behavior occur after exposure to stimuli that cannot be perceived consciously. A typical example is the experiment conducted in different variants (Brown 2006), in which job seekers from the advertising industry are driven by taxi from the train station through a city to their potential employer, past houses and shops.

> "Some pass a zoo in the process, others don't. Once at the advertising agency, the applicant is instructed to develop an advertising campaign for a furniture manufacturer that is supposed to exude comfort. In many cases, applicants who have passed a zoo during the taxi ride (unlike the other applicants) are then found to have a purring cat or a sleeping dog on the upholstered furniture, even if the applicants did not remember passing the zoo because their minds were entirely on the job interview." (Kroeber-Riel and Gröppel-Klein 2019, p. 308)

Finally, we need to ask whether perception differs depending on the sensory organ, which sensory organs are dominant, and whether and how the individual sensory organs influence each other. For example, if beef tastes like meat but its texture is creamy, does this mismatched sensory experience change our impression of the product? Can we even identify it as beef if there are conflicting taste and texture experiences that do not match what is stored in memory for the product?

In relation to visual perception, for example, we need to ask whether certain stimuli trigger quasi-automatic bottom-up processing that takes place independently of other cognitive functions (e.g., memory), or whether the information stored in our memory guides our perception and thus top-down processing can occur (Müsseler 2017, p. 15). Such questions often have very practical implications. For example, consider a consumer who wants to buy his favorite jam in a grocery store. Does he scan the shelf with his gaze, so to speak, and stop where the logo of his preferred brand appears? Then a comparison would take place at the POS between the perceptual image and the memory image of the brand, i.e., a memory-based perception would take place. It is also conceivable, however, that the consumer is captivated by an unusual stimulus, e.g., by a very unusual product design, which leads to the customer only paying attention to this stimulus. Similarly, the store layout or other in-store tools can influence perception. The field of shopper research deals with such questions of researching consumer behavior at the POS.

Finally, perceptual illusions can also occur. This refers to erroneous perceptions that result from the misinterpretation of sensory messages: For example, products are perceived to be larger or smaller than they actually are. This topic is often discussed in the context of consumer protection.

All in all, processes of perception are highly complex and can only be presented in the context of a short contribution to an anthology in an overview-like, selective and subjective manner from the author’s point of view. This contribution expressly excludes completeness. Consequences for consumer behavior and (retail) marketing can also only be discussed on the basis of selected examples.

3.2 Properties of Perception

Humans have various sensory organs at their disposal, which should help them to obtain an image of the environment (see Fig. 3.1).

Often the illusion is conveyed that we can perceive this environment “objectively.” However, this is not possible: On the one hand, there are physical environmental stimuli that we cannot perceive at all, even if we wanted to (e.g., radio waves), because our sensory organs lack the corresponding capabilities (Hagendorf et al. 2011, p. 14). On the other hand, the sensory organs have only a limited capacity even for perceptible stimuli, i.e., from the multitude of available stimuli, we only (consciously) perceive a small part. Perception is a system of coping with our environment. Perception is therefore always selective: From the unmanageable amount of stimuli acting on our sense organs, only a small part is selected (Kroeber-Riel and Gröppel-Klein 2019, p. 306), otherwise the human information processing system would be overwhelmed. Which stimuli are selected

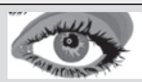
Object area	sensory modalities	cognitive processes
e.g. 		
Items Operations Relationships	View Listen Keys Taste Smell Sentiment	Interpretation of the sensory impressions

Fig. 3.1 Scheme of perception. (Source: Kroeber-Riel and Gröppel-Klein 2019, p. 304)

depends on the reactive or consciously controlled forms or on the previous experiences, desires and needs of the individuals. Everyone therefore lives in his or her own subjectively perceived world, which may differ to a greater or lesser extent from the personal world of others. Perception is thus usually not just a passive reception of stimulus impressions, but an active process through which individuals construct their own subjective environment and is closely linked to attention. Attention can be understood as the short-term heightened sensitization of the organism that ensures that significant stimuli are taken in and irrelevant stimuli are inhibited. This includes all "cognitive and neuronal mechanisms of selecting a defined amount of information from a large amount of visual, auditory, tactile, olfactory, etc. stimuli that is necessary for efficient and trouble-free action control" (Krummenacher and Müller 2017, p. 145). Activation can be triggered by both internal (e.g., metabolic processes, mental activities) and external stimuli.

However, it should already be emphasized at this point that unconscious perception can also occur, i.e., we can perceive stimuli to which our attention is not directed. Example: We are at the POS urgently searching for detergent. Consequently, our attention is completely focused on finding detergent, all "non-detergent stimuli" at the POS are filtered out by us as irrelevant. However, we may still unconsciously register other products, such as dishwashing detergent, and therefore have an idea of where these products are located at the end of the shopping trip, even though our attention was not directed to these items. The nature and consequences of unconscious perception will be discussed in more detail later. However, casual perception can be transformed into conscious perception. Even if we do not have the goal of buying dishwashing detergent, for example, an activating display can draw our attention to this product and distract us from buying detergent in the short term.

At this point, we can mention two fallacies that practical retail marketing might succumb to base on these findings. One misconception could be the intention to draw attention to as many products as possible through an extremely high number of activating stimuli. However, this could lead to a stimulus overload at the POS, which would be counterproductive, since the conscious perceptual capacities are limited and the consumer would thus be overwhelmed. A second possibility of misdirection would be to lead consumers alongside as many other goods as possible on the way to products that are particularly relevant for purchase (which, for example, are on the shopping list of many customers), in order to exploit the capacity of casual perception and to confront consumers unconsciously with these offers. However, the old retail rule of "lead consumers to the farthest corners of your store by presenting the freshest everyday items there, thus connecting them with as many goods as possible" proves to be a poor guide, as consumers go shopping not only with a money budget, but also with a time budget. If time is wasted with detours or tiresome searching, less rather than more will be purchased (Gröppel-Klein and Bartmann 2009). A high degree of orientation friendliness at the POS, which is oriented towards the cognitive structures of the consumer (e.g., also by presenting products that have a close usage connection, such as coffee and filter bags, in spatial proximity and not in two different departments – food and non-food), goes hand in hand with improved perception, in the sense that consumers perceive and remember more product locations. This ultimately leads to high customer satisfaction.

Basically, it should be noted at this point that for shopper research the importance of subjectivity and selectivity of perception cannot be emphasized enough, because it is not the objective offer that determines consumer behavior, but the subjectively perceived offer. It is not enough for the retailer to offer "objectively" good services (e.g., variety of the assortment). It must also be ensured that these services are perceived accordingly.

3.3 Basic Findings and Instruments for Controlling Perception

3.3.1 Conscious Perception

The sensory impressions triggered by the environmental stimuli (for example, from a display) are initially stored in the sensory register. This is only a passive and very short storage. Attention brings the stimuli to consciousness and selects the perception, thereby providing the cognitive processing capacity with a stimulus. From activation research (Kroeber-Riel and Gröppel-Klein 2019, p. 78), it is known that the following stimuli trigger attention: (a) affective stimuli (especially key stimuli, e.g., child schema, nature, eroticism), which, incidentally, can be perceived not only visually but also tactilely or olfactorily (e.g., fresh cake scent); (b) collative stimuli (e.g., novel or surprise stimuli such as mannequins that appear and act alive); and (c) intense stimuli (act through their physical properties and trigger reflexive orientation responses, e.g., striking colors). Fragrances and music (the effects of which will be outlined below) can be counted among affective stimuli (if they trigger feelings) but can also be counted among intense stimuli – if they are intense enough. Attention (Kroeber-Riel and Gröppel-Klein 2019, p. 62) is usually accompanied by an orientation response, i.e., turning toward the stimulus (e.g., turning the head, pupil dilation). The sensory impressions thus received and selected are decoded in the working memory and processed with the aid of the knowledge stored in the long-term memory. For example, a certain word must be recognized as a brand name. As already mentioned, perception also includes the decoding of internal stimuli, e.g., the perception of the stomach rumbling as hunger. Only through this decoding do the received stimuli become information for the receiver.

The subjective interpretation of stimuli also includes their evaluation; this is done by relating them to one's own emotions and motives/motivations (Kroeber-Riel and Gröppel-Klein 2019, p. 306), e.g., product A quenches thirst better than B; brand A is cheaper than B. When a consumer seeks information to achieve consciously pursued goals (e.g., shopping for a good price), he or she willfully turns his or her attention to stimuli that he or she assumes will contribute to goal realization (e.g., price promotions at the POS). Irrelevant stimuli, i.e., stimuli that do not address existing goals or needs, are disadvantaged in perception. The same applies to unattractive stimuli: Stoll et al. (2008), for example, showed by means of an fMRI study that attractive product packaging, in contrast to non-attractive packaging, leads to increased activity in those brain areas that are responsible for visual attention and processing. Similarly, the perception of brands at the POS is facilitated if the promotional stimuli shown there with the brand names trigger memory effects by reactivating stored brand worlds. If displays at the POS show key images of previously communicated advertising campaigns, then the effect (e.g., clarity of the inner image of the brand, attitude and subsequent purchase intention) is particularly positive (Helfgen 2019).

In addition to displays, store design, the layout of stores and the placement of goods at the POS also play an important role in controlling perception at the POS. For example, studies by Sommer and Aitkens (1982) (replicated today, see e.g., Gröppel-Klein and Bartmann 2009) found 40 years ago that in discount stores (which usually dictate the customer flow), products in the outside aisles were remembered significantly better than products in the inside aisles (with correct recall being an indication of prior perception) and that so-called cognitive anchors (e.g., eye-catching decorations, escalators, changing rooms), i.e., visually salient stimuli, promote the perception of products and the construction of correct mental maps. Mental maps are cognitive maps that show how well an environment is represented in the consumer's memory. The better and more detailed a mental map is, the better consumers are able to find their way around the real environment (and vice versa). Support from the retail sector to build up a clear mental map of the consumer from the store is therefore particularly recommended.

Various experiments conducted by the IKV (Institute for Consumer and Behavioural Research) in recent years prove that customer guidance through the store in particular plays a role in the perception of products and the construction of mental maps. Basically, customers can be guided "clockwise" ("left-handed") or "counter-clockwise" ("right-handed") through the store. Gröppel-Klein and Bartmann (2009) and Gröppel-Klein and Helfgen (2016) provide evidence that the "counter-clockwise layout," which is predominant in Germany, is inferior to the "clockwise layout." When consumers were guided clockwise through the store, they had significantly better mental maps; the distances and times they needed to search for given products were significantly shorter than when they went "left-handed." These results were found for different retail operation types as well as for first-time and after multiple visits to the shopping location. Gröppel-Klein (2019) explains this result as follows:

> This is probably due to two innate behavioral tendencies: In (right-handed) consumers, due to an increased concentration of dopamine in the left hemisphere of the brain, there is a "turning bias to the right" (i.e., away from the left hemisphere of the brain), which leads right-handed people to automatically turn more towards the products to their right in a store. Moreover, consumers also have an inevitable wall orientation, i.e., they move towards walls in rooms, as social psychological experiments have repeatedly confirmed for decades. (…) Taken together, a "clockwise layout" thus promotes a stronger perception of products located to the right and left (on the wall), at least in the exterior aisles, while a "counter-clockwise layout", due to the wall orientation and the right-hand twist, directs the customer's gaze only to the products located on the right – and thus to potentially fewer product contacts.

Thus, with a clockwise layout, consumers notice more products as they look at the shelves both to their left and to their right.

The perception of products also depends on the way they are placed on the shelf. Not surprisingly, products at eye level are perceived preferentially (e.g., Pizzi and Scarpi 2016). Studies by Valenzuela et al. (2013) and Valenzuela and Raghubir (2015) also show that consumers assume that retailers arrange products according to certain criteria or rules. For example, popular products would be placed in the middle of the shelf, expensive products on the top shelves, while special offers would be presented at the end cap of a store aisle. The type of placement can therefore also have an effect on the evaluation of product attributes. For example, if one has to bend down to take a certain product from the shelf, this is attributed to lower quality (Valenzuela and Raghubir 2015) or a lower price (Cai et al. 2012).

The "reaching out" for products on the upper shelves and subsequent "appreciation" of these products could also be explained from the perspective of embodiment research. This assumes that "there is an interaction between cognition, sensory and motor functions" (Stangl 2019). Thus, thinking is not possible independently of the body. Dislikes and affections, for example, can be expressed in body posture, but in the same way body posture can also influence cognitive associations. However, it would go too far here to list the findings on embodiment for consumer behavior; for a summary see Kroeber-Riel and Gröppel-Klein (2019, p. 381).

Finally, behavioral economics (which is more oriented towards economics) also deals with the question of whether and how the placement of products on the shelf exerts an influence, e.g., on the selection of products, and these findings can be used for nudging. A "nudge" is understood as a "poking in the ribs" (Thaler and Sunstein 2013, p. 13), which is intended to lead to others being made aware of something, reminded of something or warned of something, in order to ultimately make "better" decisions or promote the common good. "A nudge (…) is any aspect of the choice architecture that alters people's behavior in a predictable way without forbidding any options or significantly changing their economic incentives" (Thaler and Sunstein 2008). When fruit is presented at eye level instead of candy, the likelihood that the fruit will be perceived and thus chosen more quickly increases (Thaler and Sunstein 2013, p. 15), which can contribute to the health of the decision maker.

Fruit at eye level is again an example that concerns visual perception. In the context of this article, we focus on the sensory organ of the eye. This is where most of the research results exist. However, it should be expressly emphasized at this point that addressing the other sensory channels also plays a significant role in retail marketing. In Sect. 3.3.3, we will discuss the effect of music and scents at the POS, stimuli that are usually perceived casually. However, the importance of product tastings at the POS should also be pointed out here. Here, a very conscious perception of stimuli takes place, primarily by means of the senses of taste and smell. Empirical studies show that these POS promotion measures are cost-intensive, but are among the most effective (Nordfält and Lange 2013, p. 24). Product tastings can generate huge increases in sales. In this context, Heilman et al. (2011) dealt with the question of how attention-grabbing such promotions are, among other things, and found that about 73% of consumers who noticed the tasting at all tried the products and that a large proportion also subsequently purchased the tasted products. Peck and Childers (2006) also show in their study, "If I touch it I have to have it," that tastings at POS often lead to impulse purchases. Thus, these sensual product experiences are also very relevant for retail marketing.

3.3.2 Measurement of Conscious Perception

Most measurement of perception is related to visual perception, although more recently more attention has been paid to the other senses. For example, researchers are addressing the questions of how auditory information processing can be measured and what problems can arise here in the case of disorders of the sense of hearing or hearing loss (e.g., Bendixen and Schröger 2017). In retail marketing, however, visual perception plays a dominant role, so in this paper we will focus on visual perception procedures.

The memory of spatial environments also represents the result of a prior conscious perception of the corresponding stimuli. Mental maps can also be determined by pointing tasks (e.g., Gröppel-Klein and Bartmann 2009). Here, consumers have to indicate the correct locations of products on a map of the store. The collection of remembered stimuli via pointing tasks is thus an indirect measurement of the perceptual processes that took place beforehand. Similarly, consumers are given search tasks at the POS, and the time taken and distance travelled to find the given products are then observed. The shorter the search times and distance, the better developed are the mental maps.

In many cases, one also tries to recreate the "course" of perception. Perception unfolds successively from an initial impression to a cognitive interpretation. In order to measure this so-called actual genesis, perceptual situations must be broken down into units and standardized. The test subjects are asked about their respective subjective perceptual impressions for each individual phase. A so-called tachistoscope is used for this purpose, with which the presentation of visual perceptual material can be limited in time and systematically varied (from a few milliseconds to continuous exposure). If the first, fleeting impression of a product is negative, for example, then there is a risk that the product will later turn out to be a flop – even if the impression may have been positive if the exposure time was long. Crystal Pepsi, for example, underwent this painful experience (despite enormously high advertising expenditure for this product). Since most consumers associate a cola drink with a typical brown color, a colorless cola drink was too extreme a deviation from the product scheme and was therefore rejected or not even identified as a cola drink at the POS when quickly scanning the shelves. This danger could have been identified, for example, with a tachistoscopic examination.

Another method for measuring perception as an information processing process is the information display matrix (IDM). Here, the consumer is supposed to select certain information that is relevant to his or her decision from an offer of information that is usually structured according to alternatives and attributes. The information is initially hidden and must be revealed one after the other. The sequence is observed or automatically recorded

(IDM versions also exist in the online area). For example, it is possible to determine which key information (e.g., price) is used, how much information is actually necessary for decision-making, whether the consumer tends to proceed attribute by attribute or alternative by alternative when making a decision, and whether choice overload problems occur (overtaxing the consumer by providing too many choice alternatives). IDM experiments can therefore be used, for example, to determine whether organic labels or other quality labels (such as fair trade labels, e.g., Aschemann-Witzel and Hamm 2011) have a decisive relevance for the perception process.

The predominant method used in recent years to measure visual information intake, and thus a prerequisite for conscious perception, is the eye-tracking method. When a consumer looks at an advertisement, a poster or a shelf, he or she may have the impression that his or her eyes capture the entire visual template with one glance. However, this subjective impression is deceptive. The gaze scans the template with fixations and irregular jumps (saccades). Information acquisition requires that during vision a clear image of the stimulus conveying the information is projected onto the fovea (the area of sharpest vision in our retina). This is not possible during fast saccades. Only when the gaze lingers briefly does a clear image of the fixated stimulus appear on the fovea. Thus, information processing only takes place during fixations (Kroeber-Riel and Gröppel-Klein 2019, p. 287).

In eye-tracking, the test subjects put on "glasses" during an experiment (which is possible both mobile at the POS and in front of a screen), to in order to register the eye movements. By means of special software, the course of the gaze, i.e., the saccades and the fixations necessary for the absorption of information, can be evaluated. Eye-tracking studies have been carried out at the POS for many years and provide information about the perception of stimuli in shops. For example, the effects of different shelf designs (Berghaus 2005) or POS promotions (Schießl and Diekmann 2007) have been investigated. It can also be analyzed whether the social context (e.g., without/with family members, friends) plays a role (Pozharliev et al. 2017), or it can be determined whether, for example, nutritional information on products (Königstorfer and Gröppel-Klein 2012) or health claims (Gröppel-Klein et al. 2017) are considered and whether these stimuli exert an influence on purchasing behavior.

Another study conducted at the IKV is by Kliebenstein and Gröppel-Klein (2015), which deals with a typical retail problem, namely whether retail shelves should be sorted by variety (e.g., for tea, all brands with rosehip flavor are brought together, then all peppermint or chamomile tea brands, etc.) or by brand (all brand A varieties – rosehip, peppermint, chamomile etc. are brought together, then all brand B, C varieties, etc.). In this study, the experimental participants were given the task of searching for two different teas. On the two shopping lists, once the brand was noted first, then the variety, and once the variety was noted first, then the brand. But which shelf is more "perceptually friendly" for customers? The test participants were divided into two different groups. The first group was confronted with a tea shelf with brand sorting, the second group with a tea shelf sorted by variety. Using a mobile SMI eye tracker, the search behavior was recorded on videos and the respective search time was noted.

> Regardless of the information on the shopping list (order), consumers took an average of 16s longer (about 62%) to find the two products they wanted when arranged on the variety shelf. The heat maps (Fig. 3.2) make it clear that the brands arguably provide more orientation, i.e., consumers immediately blank out certain parts of the shelf once they have discovered the brand they are supposed to buy. On the variety shelf, more fixations are assigned to the whole shelf. From the consumer's perspective, these results argue for an arrangement by brand. (Kroeber-Riel and Gröppel-Klein 2019, p. 292)

Eye-tracking can also provide valuable insights in online marketing, for example when analyzing the impact of ads in online shops. Eye-tracking can be used, for example, to check "banner blindness," i.e., whether consumers succeed in using their eye movements to avoid looking at advertisements on the internet (Hervet et al. 2011). Animated banners are more attention-grabbing, but again, as the study by Bahr and Ford (2011) shows, consumers learn to tune out these stimuli after a short time; furthermore, the animations were more likely to trigger annoyance and annoyance in the subjects. Finally, a study by Le and Vo (2017) concludes that pop-ups are also rather inadvisable, as they cause negative attitudes.

Not surprising, but nevertheless interesting in this context, is the study by Ju and Johnson (2010), who prove – also by means of eye-tracking – that perception is strongly dependent on the needs of the user in the online sector. They observed young women viewing fashion ads. Here, most attention was paid to the models, and less to the headline or the product name, which conforms to the well-known rule "image beats text in advertising." However, in this study it was noticeable that especially young female test persons looked at the attractive and slim models for a particularly long time, who themselves emulated the slimness ideal, which again shows that motivations control attention and perception.

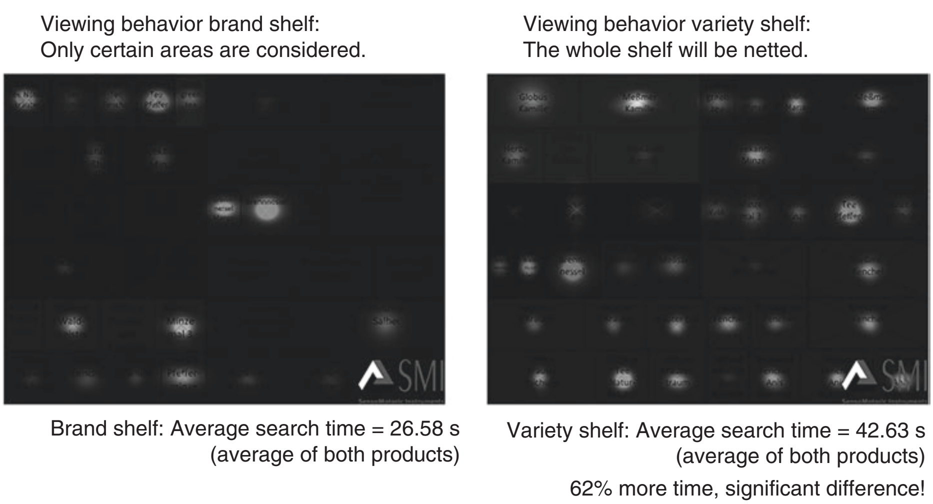


Fig. 3.2 Heatmaps brand versus variety shelf. (Source: Kroeber-Riel and Gröppel-Klein, p. 292)

In stationary shops, the subjectively perceived ease of orientation is very important for customer satisfaction. In the case of online shops, too, the desire for a clear structure and clarity can be observed on the part of consumers. Extensive literature is now available on this subject. Basically, it can be stated that fast, clear and easy-to-operate navigation facilitates customer perception in online retailing (Griffith and Chen 2004). In the online sector, a variety of experiments have been conducted on the perception of customer recommendations, in which, for example, the number of reviews or the comprehensiveness of the individual statements was systematically varied in order to determine which information perceived by the customers is particularly relevant for purchasing. Here, for example, it was found that individual but detailed (and perceived as trustworthy) reviews are perceived by online shop visitors as much more meaningful than aggregated assessments (average values) (Ziegele and Weber 2015).

3.3.3 Unconscious Perception

The term "subliminal perception" is no longer used, as this associates a clear boundary between unconscious and conscious perception, which does not exist. Instead, a gradual transition is assumed. Basically, however, one distinguishes between two groups of unconscious perception:

1. Unconscious perception is present in stimuli that cannot be perceived consciously even when attention is focused on them. These include very weak stimuli, e.g., visual stimuli presented for only a few milliseconds (Kiefer 2017; Bargh 2016). However, these stimuli can influence subsequent behavior in the short term, as relevant priming experiments have shown.
2. However, unconscious perception is also present in the case of stimuli that could be perceived consciously but are not processed consciously because attention is not focused or not fully focused on the stimuli. These include stimuli that are taken in only casually or that are sharing the consumer's attention with other stimuli (Shapiro and Krishnan 2001).

In the context of this paper, we want to focus on this second group. In department stores, as explained at the beginning, the consumer is often exposed to thousands of brands without being able to focus attention on this enormous variety of stimuli. Moreover, before entering a store, the customer is repeatedly confronted with brand or product messages without consciously noticing them. Thus, it is quite possible for a consumer to make an unplanned purchase of a drink in the supermarket simply because he has encountered another customer at the entrance door wearing a T-shirt with a large Coke logo printed on it, without being able to make a conscious link between these two events or even remember the other customer.

The effect research of casually perceived stimuli also includes the now numerous experiments on the effect of scents and music at the POS. These stimuli are often perceived unconsciously, while the consumer concentrates on visual stimuli in the store. We are therefore dealing with a multisensory combination of at least two senses (Drewing 2017, p. 77), whereby the concentration is on one sense while the other stimuli are only perceived casually. This is to be distinguished from a conscious, quasi-simultaneous perception of different stimuli, such as we experience during a wine tasting. We see the color of the wine, smell the bouquet, taste the drink, and try to determine whether it is a Riesling or a Pinot Gris by means of the various stimuli. Of course, there can also be a conscious perception of music and scents at the POS (see summarizing Kroeber-Riel and Gröppel-Klein 2019, pp. 141–142), especially if their intensity is high. If music or scents are consciously experienced positively, then they increase shopping pleasure. If, however, the stimuli are perceived as unpleasant, then consumers evaluate them as unauthorized attempts to influence on the part of the retailer and react with psychological reactance ("one senses the intention and is disgruntled").

In the following, however, we will focus more on the unconscious effect of these instruments and list some empirical findings as examples. Madzharov et al. (2015) show that "warm" scents (such as vanilla), in contrast to "cold scents" (such as peppermint), are able to create greater proximity between customer and product. Fragrances can also imperceptibly improve the memory of certain products (Morrin and Ratneshwar 2003).

Hynes and Manson (2016) show in their study that most supermarket customers do not even notice the background music, but that it can unconsciously put customers in a more positive mood and improve the perception of the offer of the shopping place. In this context, an older experiment by North et al. (1999) is particularly interesting. The authors compared the effect of German versus French music pieces with regard to the sales of German or French wines. The researchers were able to prove that on days with German music in the store, more German wines were purchased, and on days with French music, more French wines were purchased. In their experimental design, alternative explanatory factors were controlled for. The follow-up survey of the customers showed that they were not aware of the influence of the music. In a more recent experiment by North et al. (2016), the authors make the point that certain music genres (e.g., classical music) can evoke certain associations (e.g., high quality or educated) that are unconsciously transferred to the product being sold as part of evaluative conditioning and thus can change preferences. These studies outlined by way of example make it clear how the unconscious perception of the shopping atmosphere can also influence purchasing behavior.

3.4 Perception Illusions

Last but not least, this article will address the phenomenon of perception illusion, which plays an important role especially in the context of consumer protection policy.

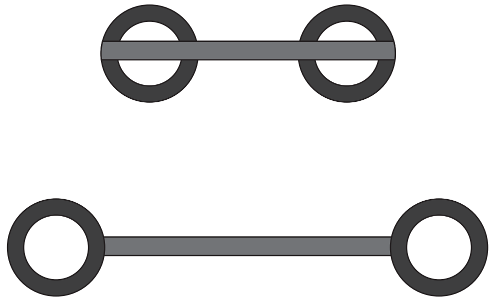


Fig. 3.3 Müller-Lyer illusion. (Source: Ditzinger 2013)

Numerous "classical" perceptual illusions are described, for example, the flickering grating, Müller-Lyer's illusion, or Ponzo's illusion, which prove that perception is "by no means a 1:1 representation of reality" (Müsseler 2017, p. 14).

In the Müller-Lyer illusion (see Fig. 3.3), for example, the lower stroke is perceived as longer than the upper stroke, although both strokes are exactly the same length. An important sensory illusion for consumer protection is the so-called elongation effect. This means that consumers attribute a larger volume to products in stretched containers than to those in less stretched containers (e.g., Wansink and van Ittersum 2003, p. 457; Yang and Raghubir 2005, p. 279), even though the contents are de facto identical. Such sensory illusions can lead consumers to misperceive value for money. Koo and Suk (2016) are not only able to confirm the elongation effect, but also find that stretched food packaging is associated with lower calorie content, which can then also exert an influence on dietary behavior. Downsizing also plays a role: if a product package is reduced in one size dimension (e.g., length) by 50%, then we immediately perceive of a 50% reduction in content. In contrast, the reduction in size of the package and thus of the content is perceived as much smaller if it affects all three dimensions of the package, i.e., height, depth, and width. Portion halving is not detected here (Chandon and Ordabayeva 2009, p. 751). Brands should be wary of resorting to these means, however, as the tactics are rightly denounced and exposed on consumer protection portals.

In addition to these dysfunctional perceptual illusions, however, sensory illusions can also be used for the benefit of the consumer. One thinks here, for example, of stretching items of clothing, impressive architecture, or the furnishing of rooms. For example, rooms that are too small can be made to appear larger by the addition of mirrors, ceiling-high shelves, or light wall colors; rooms that are too large can be made more comfortable by generous furniture and many decorative objects.

3.5 Conclusion

This article outlines the process of human perception and attempts to derive implications of perception research for retail marketing. It should be noted once again that perception is more or less conscious, subjective, and selective. One should not tire of emphasizing that every person lives in his or her own world of perception. Nevertheless, perception can also be influenced and, for example, attention can be drawn to certain products or promotions through appropriate marketing instruments, which are then perceived by many customers and ultimately purchased. Retailers should also strive to increase the orientation friendliness of their shops as a matter of principle in order to take account of people's limited information processing capacities and present products in such a way that they have any chance at all of being noticed by the customer. "Unseen is unsold," as Chandon et al. (2009) once aptly put it.

But the process of perception is even more complex: The topic of multisensory perception, i.e., the interaction of the individual sensory organs, will gain in importance in research, as will the question of how multisensory experiences are created and experienced in online shopping. A sweater may look beautiful, but if it scratches, it won't be worn and will be sent back.

Similarly, there are still many open questions in casual perception. Here we need to discuss whether the basic possibility of unconscious perception is an efficient system. Does unconscious perception lead to unconscious learning and thus to an expansion of our abilities? When is it necessary for certain stimuli to penetrate our consciousness and thus make quick reactions possible? The latter is certainly also of great interest for consumer protection.

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From Bottom-Up to Top-Down in the Store Environment: Multisensuality Using the Example of Background Music

4

Georg Felser and Patrick Hehn

Abstract

Consumers react to external stimuli they encounter in store environments, especially if they are unexpected, novel, or salient. Often, however, consumers do not go shopping purely driven by stimuli, but rather driven by goals. In this case, they selectively pay attention to those stimuli that presumably bring them closer to their consumption goals. With the knowledge of the mechanisms of this goal-oriented top-down perception, retailers can design their assortment and the store environment in such a way that they become relevant for certain target groups. In the further course it will be shown, using the example of background music, that stimulus perception does not refer to individual characteristic expressions of environmental stimuli in isolation, but that multisensuality – entirely in the sense of Gestalt psychology – is an interaction of sensory perceptions. Finally, recommendations for musical design at the POS are derived from various studies on the effect of music.

4.1 Bottom-Up and Top-Down Processing as Overarching Approaches

Anyone walking past the Pepsi shelf in a supermarket in the USA in the 1980s had to be prepared for a surprise: At some displays, two six-packs tumbled off the shelf (sometimes it was a one liter bottle), threatened to fall, but were caught by a motorized device and

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placed back in a stable position – which happened every 30 s. This mechanism, known as the "tipping can," is considered an almost legendary (and also award-winning) form of sales promotion (Mullen and Johnson 1990). It is built on few relatively simple assumptions. It assumes that any deviation from what is normal, in particular movement, attracts attention (Garcia-Garcia 2017, p. 107) – and it further assumes that design measures that attract attention are also more likely to be purchased.

These assumptions are followed by various sales promotion measures that are scientifically researched but also developed by practitioners. For example, it seems to be effective to install an additional display away from the actual shelf, which points out the offer. Depending on the product category, sales increase rates of between 77% and 243% are reported for such a measure (Inman et al. 2009, p. 20).

A British company has specialized in measures that ask customers at the point of sale (POS) to actively release a scent. This can be done mechanically by a pump mechanism attached to the shelf, but also electronically (e.g., with sensors), whereby the scent is triggered automatically by a certain behaviour. Both principles deviate from the normal or expected, either by something unusual sticking to the shelf or by an eye-catching installation (see Fig. 4.1).

Another question to be investigated in more detail would be whether unexpected background stimuli can increase attention specifically to those objects that match the stimulus, i.e. are "congruent" with it. In a first study, Hehn et al. (2019) explored the question whether a background scent in a store can draw visual attention to a congruent range of goods (Hehn 2007, p. 99). They used a Christmas spice scent in the pre-Christmas season. The target object was a secondary display in the middle of the store, where the corresponding products (gingerbread, speculoos, dominoes, etc.) could be found. The analysis of the eye tracking data showed that in the experimental group with scent (n = 25) not significantly more customers looked at the display, but compared to the control group without scent (n = 55) at least a strong tendency was recognizable. Among the 56 customers who had seen the display, however, the experimental group looked at it significantly longer than

Fig. 4.1 Left: "Poparoma," which is clamped to the shelf and prompts customers to release a scent by pressing a small bellows. Right: "Bespoke Diffusion," which prompts customers to behave in a way that automatically triggers the scent (here: "Stop and smell #daisylove"). (Courtesy of © The Aroma Company (Europe) Ltd. All Rights Reserved)

the control group. The length of stay in the store was also significantly longer when it smelled like Christmas.

If stimuli and objects now stand out sufficiently from the environment or the expected thanks to their characteristics – according to Gazzaley and Rosen (2018, p. 95) and Meyer-Hentschel Management Consulting (1993, p. 40 f.) salience, surprise and novelty are strong triggers of attention – they can automatically, quickly and temporarily attract attention. This can result in a shift of attention from things that were intended to be focused on to objects that involuntarily grab our attention. In this case, we speak of a bottom-up process (Koch 2005, p. 176; Rösler 2011, p. 83 f.), i.e., a process of perception that starts from "the very bottom," and that means: from the stimuli of the environment. It can also be referred to colloquially as distraction (Garcia-Garcia 2017, p. 105).

From this, one could derive initial recommendations as to how certain zones in the store should be designed in order to draw attention to product ranges or impulse goods. In this case, one actually assumes a stimulus-driven consumer, i.e., a consumer who has permanently extended his or her antennae for what the environment has to offer. However, recommendations of this kind underestimate our ability to tune out irrelevant stimuli, especially when we are pursuing specific consumption goals. This can be understood using the example of hunger: in this situation, we pay more attention to offers that can satisfy our hunger in a shopping mall, for example, while shoe stores and electronics markets receive no attention (Scheier and Held 2018, p. 111 f.). However, activated consumption goals do not necessarily lead to the total exlusion of irrelevant stimuli from attention. It is just that they are not perceived attentively, but casually (Felser 2015, p. 126; Kroeber-Riel and Gröppel-Klein 2019, p. 163 ff.), which is not entirely without consequences, but is irrelevant for the probability of purchase for now.

When people pursue specific consumption goals, they control their attention willfully. In this case, we speak of top-down attention (Gage and Baars 2018, p. 298); what is perceived is controlled "from above," so to speak. In this process, basic individual motivations as well as our knowledge about the properties of objects (such as shapes, colors) or even certain tasks selectively direct our attention to that which brings us closer to our goals (Koch 2005, p. 175; Scheier and Held 2018, p. 102).

4.1.1 From Bottom-Up to Top-Down

So consumer behaviour is drive by both processes: bottom-up and top-down. One is stimulus- or data-driven, the other goal-, motive- or concept-driven. All environmental interactions are accompanied by the dynamic interplay of these two processes. The winner of this showdown exerts the greatest influence on our perceptions and actions (Gazzaley and Rosen 2018, p. 95).

Whether a surprising element now generates attention depends on the top-down modulation (existing goals or tasks) of the perceivers.

Example

This is impressively shown by the experiment of Simons and Chabris (1999): Participants watch a short video of two basketball teams in black and white jerseys, respectively, passing balls to each other. The subjects' task was to count the white team's passes (top-down attention). After about 20 s, a person in a gorilla costume walks into the picture, stops briefly, turns to the camera, drums his chest – gorilla-style – and then calmly walks out of the picture again. Observers can usually tell the correct number of passes, but they often don't notice the gorilla. About half of the observers miss this highly surprising event (the original video and other footage can be found at https://www.theinvisiblegorilla.com/videos.html, last accessed 04/15/2020).

So it will be similar for the "gorillas" in the salesroom, be they a highly conspicuous display material like the "tipping can" or other unexpected things and events. When customers have a specific goal in mind while in the store, one must expect to tune out information that has nothing to do with that goal. For example, Glaholt et al. (2010) cite studies that eye movements are strongly influenced by what is later chosen. By all accounts, the choice is fixed early on and shapes how gaze is distributed among the options. This would then be an argument for top-down control of the eye movement: The goal determines where I look – and that goal (i.e., in this case, the later choice) can be influenced only slightly from the outside. Admittedly, one could interpret the results differently: That which attracts the most fixations is chosen in the end.

Example

A study by Pieters and Wedel (2007) from the field of advertising supports the first explanation: the task of memorizing the ad led to high viewing times for the advertising images, while the goal of learning about the brand increased attention to the text. This so-called Yarbus effect states that the viewer's attention allocation is determined primarily by their goals. A replication of Yarbus' 1967 study conducted by DeAngelus and Pelz in 2009 was able to confirm the core of these results.

The probability of overlooking even very conspicuous things and events varies, of course, and some of the influencing factors are also of interest for store design. Of particular interest in Simons and Chabris's (1999) experiment was a finding that contradicts some classical notions of attentional control: the gorilla was spotted more often when the black team, rather than the white team's passes, had to be counted. In other words, the more similar the gorilla was to the environment on which viewers' attention was focused, the more likely it was to be noticed. In many contexts, the opposite is evident: things that look exactly like their surroundings virtually "sink" into them – attention tends to be given to stimuli that stand out strongly from their surroundings (e.g., Johnston and Hawley 1994). The gorilla findings, on the other hand, show a different aspect of attentional control: when focusing on something, it is relatively easy to tune out things that are very different from what is relevant at the moment. In contrast, what is reasonably similar to the relevant information may still be noticed, even if it is actually irrelevant.

Apparently, when scanning the environment, a subconscious quick check takes place before the stimulus can be discarded (Garcia-Garcia 2017, p. 106; Milosavljevic and Cerf 2008) – and a stimulus that is very dissimilar to the target may be discarded after much more superficial scrutiny than a similar one. Accordingly, what should get attention at the POS should not simply be flashy, unusual and novel. It should have a minimum similarity with what the customer is looking for so that it is captured by their search strategy.

Another condition for detecting the gorilla is not surprising: it is more likely to be overlooked the more difficult the current task is. For example, in the experiment of Simons and Chabris (1999), some of the observers were asked to count separately the passes made across the ground and those thrown through the air. Doing so additionally decreased the probability of noticing the gorilla. Presumably, then, customers who simply want to browse – which arguably corresponds to an "easy task" – would be more receptive to sophisticated methods of directing attention.

And another condition seems to be interesting: age. A robust finding in aging research shows that as we get older we find it increasingly difficult to block out irrelevant things ("loss of inhibition," Hasher and Zacks 1988). As older people, we become more distractible (which is one of several aspects that makes older consumers more impressionable than younger ones, for an overview see e.g., Felser 2018). Thus, potentially older customers would be less focused and more receptive to environmental stimuli designed to engage attention. Similar findings apply to children and adolescents, in whom increased distractibility is attributed to the protracted development of neural mechanisms for cognitive control (Gazzaley and Rosen 2018, p. 120 f.).

4.1.2 Targets and Distractions: Impulse Buying

If we claim here that the perception and attention of customers is dominated by their goals, then at first glance it seems inexplicable why we quite often buy things that we have not planned to buy. Asked whether clothing is bought more spontaneously or more purposefully, 32% of respondents said they buy spontaneously or more spontaneously (Statista 2017). Other estimates suggest that a good two-thirds of purchasing decisions were unplanned and only made in the store itself (Inman et al. 2009). If everyone only has eyes for what they actually wanted in the store, then they should actually be able to successfully block out the potential "seducers." How do they still come into focus and get enough attention to make a purchase?

There are several answers to this. One of them could be formulated in "gorilla terms" like this: Many of the unplanned purchases concern products that are not so different from the actual target that they can easily be ignored, just as the black gorilla was just not sufficiently different from the black jerseys that needed to be paid attention to. They are therefore – noticed and examined and thus receive the necessary attention.

In general, it is of course true that the existence of a shopping goal, for example in the form of a shopping list, reduces the amount of impulse buying (Baumeister 2002; Inman et al. 2009). On the other hand, however, the "goal" by no means always consists of working through a shopping list. According to an Austrian study, only 28% of respondents strictly follow a shopping list when making purchases for daily needs (Schwabl 2019, p. 5). Whether with or without a shopping list, the actual goal of many customers in food retailing, for example, is a "supply purchase" – and this goal corresponds to significantly more things than those on the list.

However, another important aspect is the potential for rewards through shopping: unplanned purchases often concern things that are fun, so-called hedonic goods (e.g., Inman et al. 2009). And this is the result of at least two causes.

On the one hand, shopping is tiring, and this does not only mean possible physical exertion, time pressure or whining children. In fact, the mere task of having to make decisions is exhausting (Vohs et al. 2008). Baumeister (2002) assumes that after prolonged stress, people are less and less able to suppress impulses and exercise self-control. Indeed, it can be shown that impulsive purchases (i.e., those caused by outside stimulation rather than the person's goals) increase when consumers are strained, stressed, fatigued, or exhausted (Vohs and Faber 2007).

The second point is also related to this: People are also increasingly open to rewarding themselves for their efforts when they are stressed for a longer period of time. Impulse purchases are therefore more and more likely at the end of a stressful day, be it in the evening or at the end of a shopping trip, whenever it takes place. This is one of several arguments for placing products in the area around the checkouts, or where customers presumably go last, that are not primarily useful, but above all fun.

According to Baumeister's (2002) theory, all strain consumes self-control resources, not just those from shopping. This aspect of his theory has been heavily criticized in recent years (see Friese et al. 2018 for a review). It may not be a necessity that people make increasingly impulsive and uncontrolled decisions the more exhausted they are. However, many believe it is. And those who believe of themselves that they deserve to indulge themselves after a busy day of shopping, who believe that one cannot demand to be in control throughout the day, will also buy impulsively in the appropriate situation – even if their self-control resources are still sufficient (Job et al. 2010).

In other words, it often matters less how people actually function than how they think they function.

4.2 Consumption Targets, Signals and Reward System

From the previous explanations, we can deduce that the intended consumption goals have a significant influence on our (selective) perception of the POS (top-down attention). Under certain conditions, external stimuli at the POS distract from the pursuit of the goal (bottom-up attention), but this does not always trigger an impulse purchase. The connection between goal pursuit or existing consumption motives and top-down processes is deeply rooted in us and, according to Gazzaley and Rosen (2018, p. 80 f.), can be explained as follows: Stimuli that are particularly relevant for goal attainment have been previously stored in memory and are represented in the areas that encode these stimuli. If our ancestors roamed through a forest with the aim of looking for edible berries, a roundish-blue pattern was represented in the visual cortex and a typical smell in the olfactory cortex. As soon as they spied blueberries, a neural representation typical of this stimulus strengthened in visual cortex, while at the same time suppressing representations of irrelevant information, so that the corresponding shape stood out more clearly from background actions than in the absence of an explicit target. Suppressing irrelevant information (ignoring) and reinforcing relevant information (focusing) in the brain achieves a stronger contrast so that relevant signals gain salience and we can act effectively even on subtle information. This contrast between neural patterns in the brain significantly determines how we experience our environment based on our goals.

In order for us to be able to reliably recognize spontaneously occurring opportunities and dangers even at the highest level of concentration, we must at the same time be sensitive to distracting bottom-up stimuli, which can play a dominant role in our consciousness for a certain period of time when they are detected (Gazzaley and Rosen 2018, p. 40 f.). For example, it would be extremely deleterious if we were to walk down a street, lost in thought, and fail to notice the movement and honking of a car. However, the default mode in which we find ourselves most of the time is the top-down mode, because it is the only one that allows us to pursue our goals in a focused manner (Gazzaley and Rosen 2018, p. 38 f.).

The nature of consumption goals can be explained in terms of three very basic motivational systems, as described in the Zurich Model of Social Motivation (Bischof 1985): The security system ensures our striving for connection, safety, security and care. Behind the excitement system is the desire for novelty, excitement, variety, discovery, and enterprise. The autonomy system makes us strive for control, power, assertion, and independence. If we achieve our consumption goals or satisfy our motivational systems, we experience this positively (e.g., as a feeling of security, fun or superiority), whereas failure to achieve leads us into an imbalance of negative experience (e.g., fear, boredom or anger; Häusel 2004, p. 31 f.). These motivational systems are already ingrained in us from an early age, but they vary depending on personality and situation. For example, there are people who like to discover new things (pronounced excitement system) and others who always stick to the tried and tested (pronounced desire for security; Scheier and Held 2018, pp. 99, 103).

Scheier and Held (2012, 2018) have taken up this model in order to derive indications for the design of brands and communication measures. Their considerations could in principle also be used for assortment and store design. They explain the choice of certain brands and the non-choice of other brands with the motives that the brands address. We try to assess whether a brand is relevant by looking at the brand codes used, which include sensory codes (e.g., lighting conditions, shapes, colours, smells, sounds, haptics) that give us a sensory experience (Scheier and Held 2018, p. 72). If an existing motive is addressed by the appropriate brand codes, then the corresponding brand is perceived as relevant to achieve one's consumption goals with it. Via this mechanism, a particular motive can lead to preferential processing (selective perception) of the codes that presumably bring us closer to our consumption goals (Scheier and Held 2018, pp. 103–115).

But which codes are appropriate to address certain motivations? The answer is quite obvious and coincides with the mechanisms of top-down information processing described earlier: We implicitly learn that things belong together when they repeatedly occur together.

Scheier et al. (2010, p. 56 f.) refer to this as the statistics of the environment: "what fires together wires together."

The representation of certain stimulus features in the brain is based on the expectation that we can achieve our consumption goals with these stimuli, which in turn leads to selective attention for these learned stimuli. Consequently, the task for store and assortment design is: take into account the sensory (and other) codes that are associated with the prevailing motivational systems in the target group. For example, an exclusive American fashion chain specifically uses such codes that young people are familiar with from clubs and discos (dimmed lights, loud music, spotlights) in order to appear attractive to young hip people who want to experience something in nightlife with like-minded people (excitement motive). In this way, differentiation from the competition can be achieved via the motive systems, as is also possible in brand positioning (Scharf et al. 2022, p. 133 f.).

Now there is still the question of why people persist in trying to achieve their consumption goals. "Goals are desired states and achieving them is rewarding. We use products to achieve these rewarding goals" (Scheier et al. 2010, p. 87). And the better customers are now able to achieve their goals with a brand, the greater the appeal of that brand will be (Scheier et al. 2010, p. 117). In essence, the argumentation is that the meaning of the codes used by the company is first (implicitly) decoded and then promises reward, provided that the interpretation of the codes ties in with an existing motivational situation. Thus, the brand becomes relevant for the target group, its codes are not only simply liked, but furthermore they signal reward (Scheier and Held 2012, p. 151; Scheier and Held 2018, p. 110 f.). Thus, the assortment composition (which brands are offered and how are they coded?) as well as the store design and the store concept (with which differentiating codes can I address certain shoppers with homogeneous motives?) can provide for a preferential perception of consumers. The prerequisite for this, however, is that the corresponding motive systems are addressed in a clearly recognizable way and that activating bottom-up stimuli at least do not deviate from them (Kroeber-Riel and Esch 2015, p. 285).

The mechanism of the reward system is quickly explained: if we have experienced a certain action, a situation or an object as positive, this is marked accordingly in the brain and we tend to repeat this action or come to this situation or object again. If the reward stimulus is not currently attainable, then the desire for the reward increases (Gage and Baars 2018, p. 375). Functionally, the system allows us to make predictions about the success of an upcoming action. According to Roese et al. (2017, p. 214 f.), the evaluation of the offer then takes place in three stages: based on our expectations shaped by experience, we try to predict the potential reward based on the available stimulus features (anticipated reward: "can I possibly achieve my consumption goals with this offer?"). The consumption stage is followed by the product experience and thus the consequences of the choice made (experienced reward: "this offer is a hell of a lot of fun!"). In the final step, the system is updated to adjust future predictions based on the earlier prediction and the experienced ("my expectations were disappointed, unfortunately the product does not bring the fun I had hoped for").

What holds the promise of reward? In addition to what has rewarded us in the past, this also includes, as another strong driving force, the pursuit of novelty, as it brings potential benefits for our survival (Gazzaley and Rosen 2018, p. 25; Wittmann et al. 2007), whereby this is more (dominant arousal system) or less pronounced (dominant safety system) depending on the personality. The neurotransmitter dopamine, which is often mentioned in this context, is released in increased concentration especially when unexpected reward occurs (e.g., through something surprising, new) or something was better than expected (Roese et al. 2017, p. 214), thus also marking this experience for the future. This describes on a neuropsychological level what psychology knows as learning according to the reinforcer principle (Felser 2015, p. 62 f.). Here the circle closes again and explains the constant conflict between top-down and bottom-up information processing.

4.3 Multisensuality: When the Whole Is More than the Sum of the Parts

From your last holiday in Greece you took a few bottles of the wine that you always enjoyed so much at dinner. Now you try a bottle in your living room at home. It is quite possible that you will be disappointed. The wine was probably not so great as an isolated taste experience, but rather as an overall experience together with the view of the Aegean Sea, the warm summer breeze on your skin, the light smell of lavender from the bush next to your table in the restaurant and several other little things that made your holiday so unforgettable.

> A single stimulus input rarely works on its own, but always in combination with others.

And this effect does not only take place in the mind or even "in the imagination," it can be very physical and tangible. For example, it can be shown that tolerance to drugs depends on the environment in which they are consumed. The same amount that woould be "harmless" when consumed in a familiar environment can be a dangerous overdose in another environment (Siegel et al. 1982). Very automatic bodily responses already ensure that a consumption experience does not depend on one input alone. So it may well be that what you see or hear makes the wine taste different.

This phenomenon, namely that the effect of one sensory perception depends on another sensory perception, is the essential core of a multisensory experience. This is at least the understanding we follow here (see also Fulkerson 2020). With this understanding, we would like to distinguish ourselves from another understanding, which could perhaps be outlined as follows:

> *Let's imagine that you could increase the length of stay of customers in the shop by 10% with a certain colour design. Furthermore, one could show that a certain scenting keeps the visitors in the shop by 15% longer. If you now use both at the same time, i.e. colour and scent, you achieve an increase of 25%.*

If things were that simple, then the overall effect of the measures would be nothing more than the sum of their individual parts. That is conceivable, and one could also call that a multisensory effect. But normally by this term one means not an additive but rather a multiplicative effect of the individual sensory inputs (Drewing 2017, p. 77), whereby, for example, ambiguous sensory information on one channel is made unambiguous by information from another channel, or else the integration of different inputs creates a completely new event of its own. An example of the former would be the visual input through the train window to the slowly moving train on the neighboring track. We can decide whether we are moving or the neighboring train is moving once the vestibular input through the organ of equilibrium is added. An example of the latter would be the McGurk effect: if we see the mouth movements for "ga-ga" in a face, but hear "da-da" at the same time, this is integrated into the perception of "ba-ba" (both examples cited in Drewing 2017, p. 76 f.). Such changes in perception make it plausible that, for example, food and drink do not always taste the same, depending on which contextual information is added. Incidentally, this contextual information need not itself be sensory impressions. Cognitions, i.e., expectations or thoughts, can also change sensory experiences (Litt and Shiv 2012), to this extent the concept of multisensory also includes a non-sensory component, cognitions.

Where effects of multisensuality occur, apparently "the whole was more than the sum of its parts." Gestalt psychology adopted this Aristotelian phrase as its motto a good century ago (Müsseler 2017, p. 38). Bottom up processes typically lead to the isolated and cumulative effect of individual stimuli, and this is then initially no more than the sum of its parts. It is thanks to Gestalt psychology that we know: Bottom-up perception is the exception, and top-down is the rule.

4.4 Multisensuality in Application: The Example of Background Music

Music in the retail environment is a relatively easy marketing tool to use and it has been well researched (Spence et al. 2014, p. 475). Consumers also seem to generally prefer music to no music, although this preference is – unsurprisingly – stronger when it comes to personally preferred music (Garlin and Owen 2006). Moderately complex music performs best; with a stronger affinity for classical music, the preferred music can also become more complex (Spence et al. 2014, p. 475).

Music is an interesting topic not only because of its relatively easy applicability in the given context. The example of music shows particularly clearly what it means to work multisensually or to combine different sensory dimensions. This already begins with the finding cited above that music has a different effect depending on whether one likes it or not (see Antonides et al. 2002; Caldwell and Hibbert 2002, for further examples) or whether one knows it (Yalch and Spangenberg 2000).

Music is an excellent example of the problem of a multisensory perspective. In fact, research on the psychological effect of music comes up against almost insurmountable limits, for it is, after all, difficult to impossible to consider the individual components of music, be they beat, rhythm, pitch, timbre, instrumentation, etc., in isolation. As soon as it is supposed to be real music, one has to consider a combination of all these elements, and as soon as one tries to isolate one dimension, it is – if isolation is possible at all – in any case no longer music. Thus, most research on the psychology of music consists of comparing already finished pieces, e.g., German versus French music (North et al. 1999), without being able to name an isolated feature that makes this music "German" or "French."

The following comments summarize some findings from research on background music in marketing contexts. The intention is not only to make recommendations for the use of music. More than that, we would like to cite music as a particularly succinct example of a marketing tool whose effect can indeed only be understood from a multisensory perspective.

4.4.1 Effects of Musical Tempo

Relatively easy to isolate are – apparently anyway – characteristics such as tempo or volume. Musical taste is also unlikely to have much influence on the question of whether a piece is fast or slow. The findings on the tempo of music therefore seem to be correspondingly clear: the work of Milliman (1982, 1986) indicates that customers stay longer in the sales environment with slow music (less than 72 beats per minute) than with fast music (more than 94 beats per minute). In the case of a supermarket, at least in Milliman's (1982) study, this effect also translated into more money spent. But even in the case of a restaurant, the findings were somewhat more nuanced: patrons did not eat more when the music was slow, and the longer stay was reflected only in the amount of drinks ordered. Other studies, such as Caldwell and Hibbert (2002) could not prove an effect of the musical tempo, but one for the popularity of the music with the respective guests.

Nevertheless, tempo still seems to be the closest thing to a musical variable that already influences customer behaviour, even in isolation and independently of other characteristics.

This may also be due to the fact that musical tempo has direct physiological consequences: fast music can increase heart rate, blood pressure and breathing rate, especially if listeners also feel subjectively more activated by the fast music (Knöferle et al. 2011, p. 327).

Stronger activation is incidentally also one of the reasons why – in addition to a high tempo – a high volume is not recommended (Spence et al. 2014, p. 475). However, here too, the available evidence only shows that customers stay in the store for less time with loud music, but not that they would be more dissatisfied or buy less (Smith and Curnow 1966).

Nevertheless, the seemingly so easily isolatable characteristic of musical tempo apparently does not act independently of other variables: Knöferle et al. (2011), for example, show that increased sales figures for slow music only apply to minor keys. According to the authors, this effect is based on culturally predetermined fit: "slow" tends to fit minor, "fast" tends to fit major, and when "slow" and minor now come together, this is experienced as pleasant thanks to the fit. Thanks to the slow tempo, people stay longer in the store and can therefore spend more. It is true that major and "fast" also fit together and are experienced more pleasantly than major and "slow." However, here the higher tempo also ensures less time spent in the store, and the positive effect of the fit cannot be reflected in increased sales figures.

The cited findings on musical tempo have another problem: Normally, different musical tempos are also represented by different pieces of music. Fast music is therefore not simply faster. It consists of a completely different piece from the outset and therefore also differs from slow music in many other respects.

Oakes (2003) attempts to circumvent this problem by presenting the same pieces both slowly and quickly. Oakes' work also differs from previous studies in two other ways. First, he adjusted the tempos presented to the subjective perceptions in the target audience (in his case, students). His preliminary studies had found that a pace of about 114 beats per minute was already experienced as slow and an average of 145 beats per minute was considered fast. Secondly, Oakes collected the assessments of his participants in the situation itself and not – as in most other studies – in retrospect.

These are huge methodological advantages of this work over others. However, the study focuses on waiting times and not on the stay in a store where shopping and spending money. The results show that the same music in its slow version resulted in a significantly more positive evaluation of the situation. This is probably largely due to the fact that slow music had a more relaxing, i.e., less activating effect, but above all also led to an underestimation of the waiting time. This latter point will be taken up again below when we discuss music and the experience of time (Sect. 4.4.4).

4.4.2 Fit Effects of Music

The findings of Knöferle et al. (2011, Sect. 4.4.1) cited above have already shown that the fit with other environmental characteristics plays a dominant role in the effect of music, and what fits is culturally predetermined.

Example
This is supported by the following examples: Regardless of musical taste, classical music signals high quality and sophistication and thus fits well with stores that tend to sell expensive, infrequently purchased goods, such as jewelers (e.g., Grewal et al. 2003). North et al. (2003) show that classical music, as opposed to pop or no music, encouraged patrons of a restaurant to spend more money. Again, classical music per se is not expected to induce higher willingness to pay under all circumstances. Rather, the effect is based on the fit between music and product.

Thus, fit seems to be a very important evaluation criterion. One of the most famous works on this topic shows that in a wine shop, the wines sold were preferably chosen to match the music played: In weeks when mainly French music was played, French wine also sold better and when German music was played, accordingly German wine (North et al. 1999). Guéguen and Jacob (2010) were able to demonstrate similar effects for a flower shop: Here, sales were better when romantic as opposed to pop music or no music was played.

"Romantic" is apparently a trait dimension on which music and product can be congruent. Other dimensions are revealed by the experiments of North et al. (2016). For example, they compared classical to country music and found that both recall and purchase intention were higher when the characteristics of music and product were congruent. Examples of characteristics studied include "sophisticated," "refined," "formal," and "expensive," which are better expressed by classical music, and "pragmatic," "simple," or "necessary, essential," which are more associated with country.

A fit with the image of the store also seems to have a positive effect: Vida et al. (2007) show that customers stay longer in stores where the music played there matched the store's image. However, the authors did not manipulate the fit, but only considered the subjective judgement of the customers. In any case, they stayed longer in the store if, in their opinion, the music and the image of the sales location and the music matched.

Example

An example of fit across different sensory modalities is provided by Spangenberg et al. (2005). They investigated the content congruence of scent and music. They found that evaluations of a store were more positive when – in the appropriate season, of course – a Christmas scent was released and Christmas music was played at the same time. Ratings were lower when the Christmas scent was combined with non-Christmas music.

The cited findings clearly show the enormous weight that cultural conditioning and experience have on the effects of music: whether classical music has anything to do with sophistication, indeed what constitutes classical music at all, what Christmas smells like or what a wine culture has to do with nationalities and what makes typical music for a certain nation, these are all highly presuppositional questions to which there is evidently an answer only in certain cultures and only against certain backgrounds of experience. In this respect, we are far from being able to identify isolated effects of music that are independent of other effects.

The fact that musical design recommendations depend on a variety of conditions is also evident – in a different sense – in the work of Mattila and Wirtz (2001). They manipulated the activation potential of music and smells. For the evaluation of the respective environment, it was primarily important that music and smell increased or decreased activation to the same extent. It was less important whether the activation was concordantly high or low. The findings cited above tend to indicate that the use of fast or loud music is less favourable. To all appearances, however, the disadvantages are mitigated when other environmental factors and stimulus inputs are similarly activating as music.

4.4.3 Cognitive Effects of Music

Music can be distracting. Accordingly, the stimulation provided by background music can quickly become too much, especially when purchasing decisions of high complexity are to be made (Park and Young 1986) or when customers have to interact a lot with staff (Dubé et al. 1995).

Particularly strong distraction can be expected from vocal music, that is, music with singing. The human voice and spoken sung or spoken-direct attention away from a given task (e.g., Zatorre et al. 2002). Kang and Lakshmanan (2017) examine what this means for clients exposed to music in several separate experiments. Vocal music – as opposed to instrumental music – caused lower attention and subsequently poorer recall of product features or prices. This effect was particularly fatal in the perception of special offers. When a product is advertised at a reduced price, consumers underestimate the savings anyway (Gupta and Cooper 1992) – presumably because they assume that advertising always exaggerates. Therefore, if you claim a price reduction of 20% in your shop, you should not expect your customers to believe that they will really save 20% on their purchase. In most cases, customers deduct a kind of "advertising malus" and estimate the actual savings to be significantly lower than the claimed savings (Schindler 1994). This effect is amplified when customers are distracted. In Kang and Lakshmanan's (2017) experiments, recall of a 25% discount was sensitively disrupted by background vocal music – to the point of ignoring the special price altogether. Vocal music can thus cause the effect of a discount or special offer to fizzle out.

Here it is worth looking again at the processes on which the distraction effect is based. We have already seen from the "gorilla example" (Sect. 4.1.1) that we are more easily distracted by similar information than by dissimilar information. In the case of vocal music, this principle shows up again, and on a much more specific level. What we mean to say is that when linguistic information is to be processed, this processing is also particularly disturbed by further linguistic information. The disturbance is already less if visual information is to be processed in parallel. For example, people can remember sentences badly if they are to speak further sentences in parallel. The ability to remember sentences is already less impaired if they are to press colourful keys in a certain order in parallel, for example (e.g., Buchner and Brandt 2002, p. 528 f.). This means: Vocal music disturbs, as far as it stresses the processes for language processing and these are just needed.

This gives rise to a set of limiting conditions. Vocal music should not interfere if no words are sung – presumably it would not even interfere if listeners did not understand the sung language (although this was not investigated by Kang and Lakshmanan 2017). Similarly, vocal music was not distracting when the necessary information was presented visually. Using price as an example, recall is particularly poor when a discount is presented purely verbally, e.g., via loudspeaker announcement or a "20% off" label. Recall is better with the help of purely visual cues such as a red price tag. Arabic numerals (e.g., "−20%") are also better remembered than words (Kang and Lakshmanan 2017).

4.4.4 Experience of Time and Music

For the retailer, it is important how long customers stay in the store, because this is one of the most important determinants of how much money they ultimately spend (e.g., Vida et al. 2007). For this reason, the experience of time is also important. In general, background music seems to tend to shorten an experienced time (Antonides et al. 2002; Oakes 2003), but whether and to what extent this happens depends on various boundary conditions.

In relation to the popularity of music, contradictory findings on the experience of time emerge: Some studies suggest that, for example, a waiting period is perceived as longer when preferred music is played, others argue for exactly the opposite (see Oakes 2003, p. 687 f., for an overview). The contradiction already appears less dramatic if one considers the mental processes that are triggered by music: When people pay particular attention to an event and perceive a particularly large number of details in the process, a higher density of information also emerges in memory. If a popular music triggers such attention, it will also produce more differentiated memories – and under this condition, the time spent with a popular music will at least appear longer in the memory. This is based on a certain idea of how our memory works.

Milan Kundera (1999 cited in Ahn et al. 2009, p. 508) said about the functioning of human memory: “Memory does not make films, it makes photographs.”

In the course of an event, the memory shoots different photos as “markers.” But what makes a proper occasion for the taking of a photo and thus for putting a mark on a certain event? These occasions are above all changes in our mental or physical environment, i.e., thoughts, memories, flashes of inspiration, feelings or even external events. To estimate the duration of an event, the memory uses the number of markers in retrospect.

This explains that a time characterized by many individual events in retrospect also appears longer. For the same reason, time spent eventfully appears short in immediate experience (as opposed to retrospect). So it matters a great deal whether we look at the experience of time in the moment or in retrospect. The biases we commit in estimating duration are usually opposite.

Preferred music is indeed likely to trigger more attention, more associations or thoughts, which in turn are likely to be salient. Familiar music is likely to have a similar effect. Familiarity is a variable that certainly has much to do with liking the music, but is not identical to it. Yalch and Spangenberg (2000) examined the perceived duration of a shopping trip as a function of whether familiar or unfamiliar music was played. The familiarity manipulation resulted in a similar bias to that of popularity: when familiar music was played, customers overestimated the length of time they spent in the store. In fact, when unfamiliar music was played, they stayed longer in the store. The exact reasons for this misperception are unclear. Further analysis showed that familiar music was also associated with higher activation. It is therefore possible that the increased activation causes time to pass more slowly subjectively. Moreover, it is known that, in general, the familiarity of events results in greater sensitivity to their duration (e.g., Morewedge et al. 2009). As with popularity, this could indicate that events that are accompanied by familiar music are experienced more intensively in their details and therefore seem longer.

The study by Oakes (2003, Sect. 4.4.1) cited above looked at variations in the tempo of music, using the same music played either fast or slow through technical manipulation. To do this, Oakes used unfamiliar pieces, so neither popularity (after all, it was always the same music) nor familiarity could vary, so the effects were purely down to tempo. On the one hand, Oakes’ results show that waiting times are generally overestimated rather than underestimated. Subjectively experienced waiting time is almost always longer than actual waiting time. Second, they show that music, whether fast or slow, reduces overestimation – in other words, shortens subjective waiting time. A notable exception to the general overestimation is when slow music was played during rather short waiting times (between four and 15 min): Here, the experienced waiting time was even shorter than the actual one. This peculiarity disappeared as soon as the waiting time became longer (18–25 min), but nevertheless the finding remained stable that slow music still resulted in the shortest experienced time.

4.5 Conclusion: Music or Not? Under What Conditions?

If you want to hear a scientifically based recommendation for an application situation and ask a scientist, you often get an answer that starts with the words: "It depends …." These two words are followed by all the conditions under which recommendation A is more likely to apply, and others under which recommendation B is more likely to apply. Scientifically based recommendations rarely fit on a beer mat, but maybe that's for good reason. In addition to the differences between top-down or bottom-up control of perception, there is also the problem that customers controlled in this way often do not even give the mental processes of shopping the space of a postage stamp, that they perceive and decide as "cognitive misers" (e.g., Kunda 1999).

In any case, anyone who wants to design multisensually often has to listen to "It depends …," because that is the essence of multisensuality: that the effects of sensory inputs are considerably different under one condition than under the other. But then again, if you want to achieve something, what could be more practical than knowing what the effectiveness of your measures depend upon.

With this in mind, here we attempt to compile some scientifically justifiable recommendations for background music design:

- In general, background music seems to be perceived positively, so that in most contexts there is more in favour of its use than against it.
- Even if personally preferred music is also perceived more positively, one should not sit on the favorite music of the respective target group under all circumstances, because …
- … sometimes it is more important what image and values the music conveys (e.g., seriousness, sophistication, moreover there are styles of music that appeal to certain motivational systems) than how well it pleases.
- … in contexts where an underestimation rather than an overestimation of the past is desirable, popular and familiar music is rather less advisable.
- Slow music has more positive effects than fast music under most conditions, e.g., for a longer stay in the sales rooms or for the estimation of waiting times.
- Vocal music (in a familiar language) is more distracting than instrumental music. In most contexts, this distraction is more of a disadvantage.
- Congruence or fit between music and its environment usually has more positive effects than its opposite.

These are highly coarsened, but at least scientifically grounded recommendations for the design of background music. They are valid until further research questions, differentiates, or even disproves them. And even as they stand, recommendations sometimes change with even a slight shift in perspective. Just think of the perception of waiting time, where it depends on whether you mean "past" or "passing" time (because the estimates are different in the situation itself than in retrospect).

Of course, music should only stand as an example for other multisensual design options. Nevertheless, we wanted to conclude with some clear instructions for action. In doing so, we tried to keep the conditions "that matter" manageable.

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Looked at and Bought? How Extrinsic and Intrinsic Product Characteristics Influence Food Purchases

5

Claudia Symmank

Abstract

With an average product range of 40,000 items per grocery store and only a few seconds for consumers to make a decision at the point of sale, it is essential that food manufacturers provide meaningful and fast information. Legally regulated labelling elements for food range from ingredient, nutritional and quantity information to health and environmental claims. However, by using additional product attributes in a promotionally effective way, companies can succeed in drawing attention to their products and distinguishing themselves from competitors. This chapter shows how extrinsic and intrinsic product attributes are used to encourage consumers to buy food. Extrinsic attributes focus on aspects of packaging design (e.g., colour) and food advertising (e.g., sensory claims, product labels). With regard to intrinsic product characteristics, the appearance and taste of a food product play a particularly important role in influencing the consumer's decision to buy.

5.1 Importance of Product Characteristics in Food Shopping

Today's food sector is faced with an increasing competition due to saturated markets. Consequently, food manufacturers try to establish themselves in the market as well as remain competitive by developing new products (Combris et al. 2009). Despite all efforts of food manufacturers to successfully place their products in the retail market, the flop rate of

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launched products is 50–70% (Dijksterhuis 2016). Due to a saturation of markets with their seemingly unlimited variety of products, the biggest challenge for manufacturers is exactly how to entice consumers to buy their products. To meet this challenge, manufacturers need to know, above all, which characteristics are responsible for the success or failure of a product.

The decision for a food at the point of sale is made by the consumer in a very short time (Scheibehenne et al. 2007) – on the one hand on the basis of extrinsic product features (e.g., brand, packaging, label, price) and on the other hand on the basis of intrinsic product features (e.g., taste, appearance). When consumers purchase a food product for the first time, their decision is based on extrinsic attributes, as sensory perception of intrinsic product attributes is usually not possible (Irmak et al. 2011; Deng and Srinivasan 2013). When consumers have consumed a food product and make a repeat purchase, their memories of sensory perceptions of the product are incorporated into the decision-making process (Mai et al. 2016). The purchase decision is now mainly based on the actual perception of the product rather than only on expectations evoked by extrinsic product characteristics (Arvola et al. 1999; Hoegg and Alba 2007). Some studies show that extrinsic (e.g., label) and intrinsic (e.g., fat, sugar) product attributes can jointly influence actual taste experience (Johansen et al. 2010; Hoppert et al. 2012; Naylor et al. 2009; Irmak et al. 2011; Wansink and Park 2002). Most studies, however, examine either intrinsic or extrinsic product attributes and neglect such interactions (Symmank 2019; Hoffmann et al. 2020).

5.2 Classification of Product Characteristics for Foodstuffs

The following section serves as a brief explanation of what is meant by extrinsic and intrinsic product characteristics, in which form the consumer perceives them and in which research disciplines they are primarily anchored. In addition, packaging as an extrinsic characteristic and the appearance of the food as an intrinsic characteristic are explained in more detail, as they are the subject of the studies presented in this chapter.

5.2.1 Extrinsic Product Characteristics

Extrinsic characteristics of a food are externally visible characteristics that are not inherent to the product and therefore cannot be consumed. Consumers make their purchasing decisions on the basis of visible characteristics (e.g., brand, packaging, price, label, claim) in order to draw conclusions about the quality of the product (Akdeniz et al. 2013; Underwood et al. 2001). Extrinsic characteristics of food are therefore mostly the subject of research in the fields of economics, especially marketing, and focus mainly on what consumers can perceive visually (Grunert 2015; Hoffmann et al. 2020).

> **Extrinsic product features:** Extrinsic product features are externally visible characteristics that the consumer can perceive visually.

Most foodstuffs are still sold packaged. In addition to its storage and transport function, **packaging** is of central importance as a means of information and communication. The element "packaging" is therefore sometimes also referred to as the fifth "P" of the marketing mix – alongside product, price, place and promotion (Kotler et al. 2007, p. 537). With the help of the packaging, interest in the product should be aroused, product characteristics communicated, trust created and a positive overall impression conveyed (Kotler et al. 2007, p. 538). An appealing packaging design makes it possible to draw the consumer's attention to the product and thus distinguishes it from competing products (Stoll et al. 2008). This is particularly beneficial for homogeneous product categories as well as short-lived consumer goods, such as food (Underwood et al. 2001). The possibility of self-service at the point of sale has further reinforced this importance (Rettie and Brewer 2000). Consumers who have little product knowledge often use packaging as the exclusive source of information in their purchase decision process (Garber et al. 2000). Packaging consequently acts as a "silent salesperson" (Pilditch 1972) by evoking certain associations and influencing actual purchase behaviour.

5.2.2 Intrinsic Product Characteristics

Intrinsic product characteristics comprise all physical, nutritional and techno-functional properties of a food that have an impact on appearance, smell, taste and texture (Enneking et al. 2007). These intrinsic characteristics influence the sensory perception of the consumer with all senses (Grunert 2015). Intrinsic characteristics of foods are therefore mostly the subject of studies in the fields of food technology and nutritional sciences (Symmank 2019).

> **Intrinsic product features:** Intrinsic product features have a physical impact on the product and can be perceived with all senses (sight, taste, smell, hearing, touch).

The **appearance of a food product** is usually the first sensory characteristic that can be detected at the point of sale. In addition to colour, this also includes shape, surface condition and visible texture properties. Visual appearance alone evokes product expectations, albeit often unconsciously, as it provides initial information about product quality (e.g., degree of ripeness), product characteristics (e.g., degree of roasting), taste (e.g., yellow desserts for vanilla taste, red fruits for fruity and ripe) (Derndorfer and Gruber 2017). However, product expectation evoked by the eye can deceive other senses. In one study, pink-coloured Chardonnay was rated by consumers as the most fruity, while red-coloured Chardonnay was rated as the wine with the most maturity and complexity (Derndorfer and Gruber 2017).

5.3 How Product Characteristics Control Food Perception

The following section presents studies in which elements of packaging design (e.g., colour) as well as food advertising (e.g., sensory claims, product labels) were varied as extrinsic product features. In the last part, the influence of the appearance of the food as an intrinsic feature (to be understood here as “natural packaging”) on the consumer’s expectation and perception is examined.

5.3.1 Packaging Colour as a Subtle Indication of ‘Healthier’ Foods

In order to meet the increasing health orientation of certain consumer groups, food manufacturers change packaging as an extrinsic, easily recognisable product feature, in addition to varying intrinsic product features (e.g., fat or sugar content). Unlike obvious cues about the health effects of food (e.g., nutritional information), packaging colour can influence purchasing behavior in subtle ways that consumers are not aware of. To exude health, the packaging of low-fat or low-sugar options are often designed in light colours (Karnal et al. 2016). People perceive pale colours as lighter – an association that is ultimately transferred to the product in the packaging. Time constraints at the supermarket shelf encourage consumers to use such readily available key cues to classify foods into prototypical categories such as “healthy” and “unhealthy.” Mai et al. (2016) investigated whether light colours actually create the impression in consumers to get an healthier option. In addition to the health impression, the researchers also investigated whether ‘light’, pale colours are also associated with taste losses (Fig. 5.1). After all, ripe, sweet fruits often have strong, dark colours in nature. Light-coloured packaging could thus – contrary to what was intended – have a negative influence on the purchase decision.

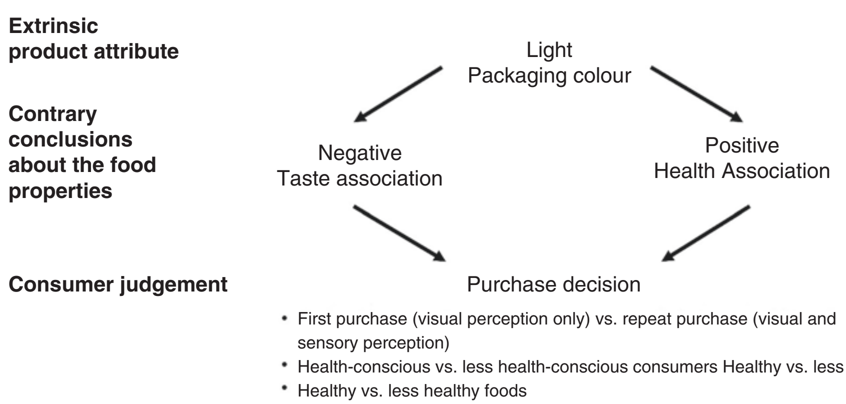

Fig. 5.1 Effect of light packaging colours on consumer judgement. (From Mai et al. 2016; courtesy of © Elsevier 2016. All Rights Reserved)

Six experiments revealed when **(first purchase vs. repeat purchase)** and in which consumer group **(level of health consciousness)** this side effect is to be expected (Mai et al. 2016). Across the series of studies, the type of product **(healthy vs. less healthy food)** and the packaging colour were also varied in brightness and hue to cover a corresponding range of commercially available foods.

Study 1 (n = 46) examined whether consumers intuitively attribute a higher health effect and at the same time a less intense taste to products in light-coloured packaging. In a computer-based experiment, the reaction time required by the subjects to assign predefined terms (e.g., healthy, unhealthy, tasty, bland) to different food packaging by pressing a key was measured. The response times clearly showed that subjects associated lighter packaging (pizza, chocolate, yogurt, cream cheese, potato chips, fruit bars, orange juice) with health significantly faster than the exact same packaging in darker shades (Mai et al. 2016). Having provided evidence that light packaging acts as an implicit (unconscious) health signal, Study 2 (n = 84), examined its influence in an actual decision-making situation. Subjects were either placed in a situation in which they felt particularly healthy or ate something tasty. Subsequently, they were allowed to select a cereal bar from a light or dark package. The subjects more often reached for the light-coloured packaging when the health goal was activated, whereas they more often took the darker packaging when they were looking for a tasty product (Mai et al. 2016). Study 3 (n = 179) answered the question of the role of sensory perception of the product as well as consumers' health consciousness when purchasing food. Subjects were assigned to two test conditions (light or dark packaging). In order to test differences depending on the **shopping situation**, a first purchase situation was simulated in a first step, in which the subjects only looked at the product and then made an evaluation regarding taste, health as well as purchase intention, among other things. In the second step (simulation of a repeat purchase), they tasted the product (the same cream cheese was in the light and the dark packaging) and again stated their taste and health assessment as well as their purchase intention. If the subjects only looked at the product externally (before tasting), as is typically the case at the supermarket shelf, the cream cheese in the darker packaging was rated as tastier and less healthy. In contrast, the cream cheese in the lighter packaging was rated as healthier. However, if the consumers were then able to convince themselves of the taste by tasting it in the second step, this dampened the simplistic conclusions about taste impairment. Unlike taste, however, the health effect can hardly be assessed by the consumer even after tasting. Therefore, light-coloured packaging creates intuitive health associations even after tasting. Regarding the **health consciousness of** consumers, it was found that especially less health conscious consumers are susceptible to adverse taste inferences. In contrast, positive health inferences occurred among consumers who were actively committed to promoting their health. Nevertheless, in both shopping situations, taste was the dominant driver of purchase intention (Mai et al. 2016).

Furthermore, it was assumed that the type of product determines the way in which light-coloured packaging is interpreted by the consumer. Particularly in the case of foods that are typically consumed for enjoyment (e.g., potato chips, Study 4, n = 206), adverse taste inferences were observed and this was especially the case for less health-conscious consumers (Mai et al. 2016). In the case of a product classified as rather healthy (e.g., fruit bars, Study 5, n = 125), light packaging primarily shaped health perceptions. More so, positive spillover effects on taste judgement were also observed among less health-conscious consumers (Mai et al. 2016). In conclusion, Study 6 (n = 240) demonstrated that colour-related health and taste inferences can vary not only between product categories, but also within a product category. Subjects rated orange juice, which was labeled as direct juice or juice from orange juice concentrate, to vary health inferences. The label was additionally designed in two colour (blue, green) and three colour saturations (light, medium, dark). Direct juice with a light green label triggered the strongest health association, whereas juice from orange juice concentrate with a dark blue label promised the most taste (Mai et al. 2016).

5.3.2 Sensory Claims to Support Food Advertising at the Point of Sale

Sensory claims are used in the marketing of foods to highlight particularly positive properties of a product in terms of appearance, taste and/or texture. Appealing sensory properties are among the most important selection criteria when purchasing food (Krishna 2012). According to a study by Swahn et al. (2012), naming sensory product attributes on the packaging or in an appropriate place for bulk products can lead to increased customer satisfaction and higher repurchase rates. Of great importance for the establishment of a product on the market is that the consumer expectations evoked by the naming of sensory properties match the perception felt after consumption. Against the background of a multisensory perception by the consumer, sensory claims can help to concretize uncertain expectations of the consumer and to increase the purchase intention.

Multisensory perception: Consumers perceive food multisensory, i.e., with several sensory impressions at the same time. Food manufacturers try to evoke an association between product and taste or texture in consumers with the help of images, visual elements or claims on packaging.

However, the use of sensory claims for marketing purposes has not been widespread to date and should be legally protected if used. International and national norms and standards (e.g., American Society for Testing and Materials International (ASTM)) form the basis for this. Legal regulations, such as the Health Claims Regulation or the Food Information Regulation (LMIV), are increasingly limiting companies' scope for communication. In contrast to nutrition claims, health claims or risk claims (Europäische Kommission 2006), the naming of sensory product properties in Europe does not require official approval. However, the legal requirements to avoid misleading or deceiving consumers (Europäische Kommission 2002, 2011) must be taken into account.

> **Sensory Claims:** Statements about sensory product properties that relate to the appearance, taste and/or texture of the food. They are used by food manufacturers to promote their products.

Sensory claims can be divided into hedonic and feature-related claims on the one hand, and comparative and non-comparative claims on the other (Fig. 5.2; ASTM 2016).

Feature-related claims refer to the perception of individual sensory characteristics. On a rye crispbread, for example, the texture is described as "thin and crispy baked" as well as "crunchy" and "airy," and the taste as "savoury" and "with a mild rye flavour" (Fig. 5.3a). For mustard, a sensory claim such as "mild," "extra hot" or "spicy-sweet" (Fig. 5.3b) is common to enable consumers to classify the product into different flavours. A sensory claim such as "The mild-spicy one" (Fig. 5.3c) is also frequently found in cheese. Sometimes hedonic and feature-related claims are also made within a claim, such as "deliciously tomatoey" (Symmank et al. 2019). **Hedonic claims**, on the other hand, are understood as the overall pleasure-oriented impression of a food. They thus provide overarching statements about appearance, texture as well as taste. For example, a snack bar is advertised as "Delicious Dairy Snack" (Fig. 5.3d) and an instant soup as "with delicious fried onions" (Fig. 5.3e).

Feature-related		**Hedonic claim**	
Comparative claim	**Non-comparative claim**	**Comparative claim**	**Non-comparative claim**
Claim of the same kind - **Equivalent claim** Ex: as crispy as… - **Unsurpassed claim** Ex: nothing is crispier **Superior claim** Ex: crisper than …, even crisper	Ex: crispy, extra crispy	**Claim of the same kind** - **Equivalent claim** Ex: tastes as good as … - **Unsurpassed claim** Ex: nothing tastes better ... **Superior claim** Ex: tastes better than …, even better taste	Ex: excellent taste
Promoting a single sensory attribute		**Promoting the overall sensory impression**	

Fig. 5.2 Classification of sensory claims with declaration examples. (Based on Schneider-Häder et al. 2015)

Fig. 5.3 Examples of sensory claims on food packaging. (From Symmank et al. 2019; courtesy of © Springer Nature Switzerland AG 2019. All Rights Reserved)

Comparative claims serve to compare sensory characteristics or the overall sensory impression of products from different manufacturers or modified, existing products from one manufacturer. Comparative claims can be further subdivided into claims that emphasise similarity and claims that express superiority. Similar claims can be further divided into equivalent and unsurpassed claims. For example, the slogan "developed for CHILDREN'S taste" on an instant soup refers to the fact that the taste was developed especially the way children like it (Fig. 5.3f). The claim "Tastes like home-baked" on a packaged cake represents another variant of a comparative equivalent claim (Symmank et al. 2019). **Non-comparative claims**, which focus on the value-giving sensory properties of a product without comparing it with other products, are used more extensively.

In addition to a verbal description, visual elements such as pictures, symbols and the shape of the packaging also influence consumer expectations regarding the sensory perceptible product characteristics. For example, if a cracking breakfast cereal (crispiness shown as a process, Fig. 5.4a) or a broken biscuit (crispiness shown as a result, Fig. 5.4b) is depicted on a product packaging to visually underline the crispiness, the consumer can mentally associate this image with both the acoustically perceivable crispiness of the biscuit and the crispness that can be felt in the mouth (Symmank et al. 2019).

Alternatively, symbols can be used successfully if consumers associate them with a specific meaning (Labroo et al. 2008). Coffee manufacturers already use symbols to communicate the taste and aroma characteristics of coffee to consumers. For example, the number of coffee beans printed on a package reflect the intensity of the coffee (Fig. 5.5a). Similarly, the spiciness of a chilli sauce can be visualised by the number of chilli peppers (Fig. 5.5b) (Symmank et al. 2019).

The shape of symbols in combination with a sensory claim can also influence perception. Round shapes such as circles or ellipses have a purchase-enhancing effect on sweet

Fig. 5.4 Visual representation of crispness. (From Symmank et al. 2019; courtesy of © Springer Nature Switzerland AG 2019. All Rights Reserved)

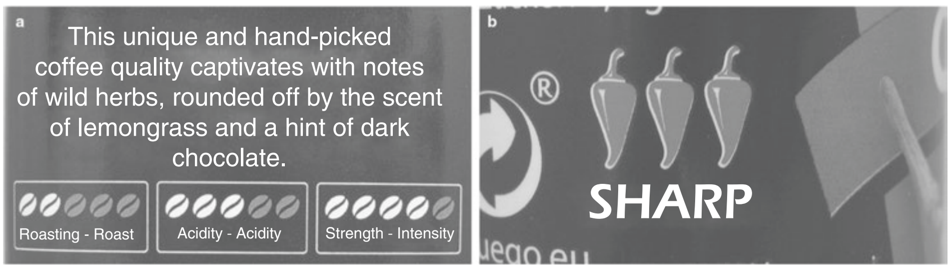

Fig. 5.5 Symbolic representation of flavour and aroma properties. (From Symmank et al. 2019; courtesy of © Springer Nature Switzerland AG 2019. All Rights Reserved)

and creamy products (Liang et al. 2013; Spence 2012). For example, an appropriate sensory claim such as "fluffy light cream" on chocolate pudding should reinforce the consumer's impression that the product is creamy and sweet (Liang et al. 2013; Schneider-Häder et al. 2015). It is also interesting to note here that the "calorie bomb" is linguistically "defused," as the use of the words "fluffy light" and "creamy topping" come across as loose, diminutive and belittling to consumers. Angular shapes such as squares, rectangles, triangles or pentagrams are suitable for the targeted promotion of bitter, fizzy, sour and crunchy foods (Symmank et al. 2019).

5.3.3 Packaging Labels to Raise Awareness of Visually Suboptimal Foods

The visual impression that consumers get of food at the point of sale often decides on purchase and subsequent consumption. However, consumers significantly contribute to food waste. The amount of food waste could be reduced if consumers would more accept suboptimal foods. Industry and retail are already trying to encourage consumers to make more sustainable purchasing decisions. However, this information is not perceived by all consumers and not every type of information is suitable for positively influencing consumer behaviour.

Suboptimal food: Suboptimal food is food that deviates visually (e.g., shape, degree of ripeness, colour, packaging defects) or with regard to another sensory attribute (e.g., unexpected taste, loss of texture) from a product considered as optimal, or is close to the best-before date. Although they could be consumed without hesitation, these characteristics lead to the food not being purchased or being disposed of at home.

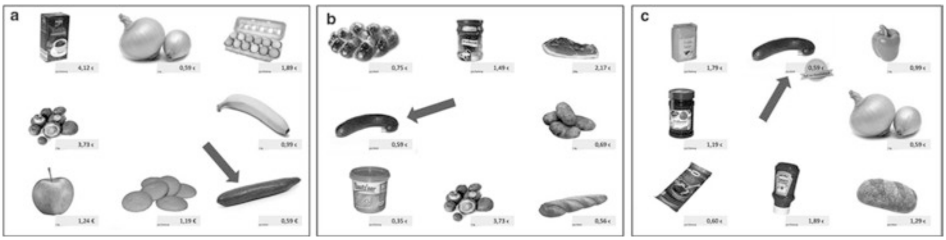

Fig. 5.6 Example screen overlays during the eye tracking experiment. (From Helmert et al. 2017; courtesy of © Elsevier 2017. All Rights Reserved)

Helmert et al. (2017) used an eye tracking experiment to investigate which messages and display variants can be used to draw consumers' attention to suboptimal foods. Thirty subjects consecutively viewed a total of 136 matrices with 8 food items each. These were matrices with only optimal products (Baseline) (Fig. 5.6a); matrices that included a visually suboptimal product (Suboptimal) (Fig. 5.6b); and matrices that included a visually suboptimal product with an additional message (Label) (Fig. 5.6c). The product messages related to either price ("Small in price") or taste ("Great in taste") and were in red or green. After having viewed each matrix, subjects were asked to answer either the question "Which food item would you leave in your shopping cart?" or "Which food item would you remove from your shopping cart?" After subjects signaled that they had looked carefully at the products, a blank screen appeared and one of the two questions was asked at random. Subjects now had to click on the part of the screen where the corresponding product was previously seen. The time until the first fixation, the viewing duration of the respective food products and the proportion of fixations in the area of the price tag were measured, as well as the influence of the messages and their design on the consumers' choice behavior.

The results show that consumers' attention can be drawn to suboptimal foods by designing specific messages. In this context, the colour of the message (here red vs. green) as well as the message itself (price vs. taste) play a subordinate role. In terms of consumer choice behavior, the data suggest that regardless of the colour of the message, only a price reduction is an effective way to positively influence the decision to purchase suboptimal foods.

5.3.4 Influence of the "Natural Packaging" of a Food on Consumer Judgement

Expectation and perception influence the acceptance of suboptimal foods and determine whether consumers buy, consume or dispose of a food. Using bananas of different degrees of ripeness as an example, Symmank et al. (2018) investigated to what extent purchase intention, overall acceptance as well as the acceptance of individual product characteristics are influenced by the visual change of the banana peel as "natural packaging" before consumption. Bananas can be classified into seven ripeness grades (RG): (1) completely green; (2) green with yellow stem base; (3) more green than yellow; (4) more yellow than green; (5) yellow with green stem base; (6) completely yellow; and (7) yellow with brown spots (Von Loesecke 1950). Bananas of RG7 were defined as suboptimal in this study because of their visual appearance, and those of RG5 were defined as visually perfect references (Fig. 5.7). Two hundred and thirty three subjects were divided into four groups. Two groups received an already peeled banana of RG5 and RG7, respectively, for immediate sensory evaluation. In each case, a further group received an unpeeled banana (RG5 or RG7) and initially documented their expectation and, after independent peeling and tasting, their sensory perception. The samples were assessed in terms of overall acceptance, purchase intention and individual intrinsic product characteristics (Fig. 5.7).

The results show that appearance has a significant influence on overall acceptance and purchase intention. Overall acceptance and purchase intention are significantly lower when expectation is based solely on viewing the unpeeled banana (Symmank et al. 2018). Consumers are more likely to purchase yellowish-green bananas rather than bananas with brown spots. However, this result is not surprising considering that bananas are usually stored at home for some time after purchase. After consumption, on the other hand, there is no difference in overall acceptance between RG5 and RG7. However, a significant difference in (re)purchase intention can also be observed after consumption.

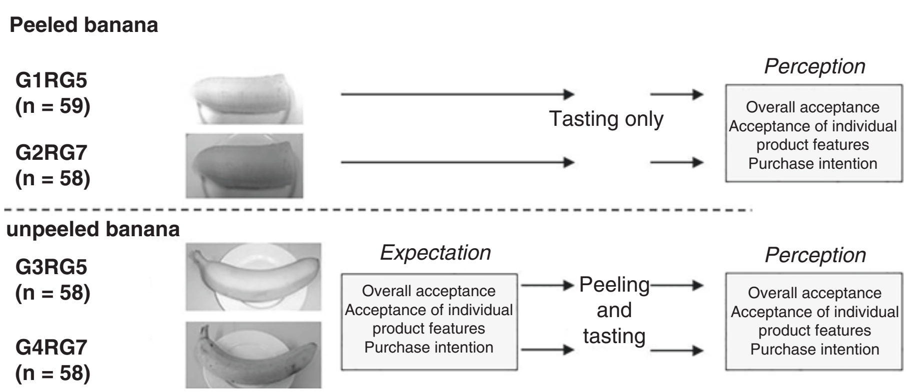

Fig. 5.7 Experimental design (G 1–G 4: study groups, RG: maturity level, n: sample size). (From Symmank et al. 2018; courtesy of © Elsevier 2018. All Rights Reserved)

This result shows that sensory perception can positively influence overall acceptance, but (re)purchase intention of visually suboptimal bananas is affected by the negative appearance even after consumption. Regarding intrinsic product characteristics, it is evident that the appearance of the banana influences expectations as well as the actual perception of the food product. Peeled bananas of RG5 are perceived as not sweet enough or banana-like. However, if the subjects see the peel beforehand, this effect does not occur in either the expectation or the perception. For the peeled bananas of RG7, no product characteristics were identified that negatively influence the overall acceptance. However, when subjects initially consider the peel in RG7, the bananas are expected to be too sweet, too banana-like, and too low in firmness. After consumption, they are only rated as too low in firmness.

5.4 Implications for Business Practice

From the perspective of food manufacturers or wholesalers and retailers, it is crucial to understand how extrinsic and intrinsic product characteristics influence consumer purchasing behavior. With regard to **packaging colour**, it seems plausible that light-coloured packaging triggers adverse taste associations especially when consumers are unable to assess sensory product attributes (i.e., tasting is not possible). Especially at the point-of-sale and particularly when a product is purchased for the first time, consumer judgement is primarily based on visual perception processes and not on sensory taste perception. In this situation, consumers are forced to form their judgement based on the packaging as a visual stimulus. In contrast, recourse to such key heuristic stimuli is less likely to occur when consumers are buying the product repeatedly and have already tasted it. However, subtle health cues (such as the colour of the packaging) can also miss their mark with less health-conscious consumers (who are often the target of health campaigns). Instead of a positive health impression due to the visual weight of light packaging colours, “light” design elements feed doubts about taste, especially among these consumers. Furthermore, it should be considered that especially health-conscious consumers can become victims of misleading or deceptive packaging if they receive a supposedly healthy (first) impression due to light packaging, which does not conform to the product in the packaging. The influence of even supposedly small and inconspicuous design elements on purchase should not be underestimated. While health and nutrition-related claims on packaging, such as “30% less fat,” are already strictly regulated by law, this is not (yet) the case for subtle packaging elements.

Sensory claims have the potential to increase acceptance and purchase intention. Wansink et al. (2005) were able to show that in a cafeteria, meals whose sensory product characteristics were emphasized were evaluated more positively after consumption than without their naming. Swahn et al. 2012 found that consumers accept known varieties more than unknown varieties and show an increased willingness to buy the known ones. On the other hand, if apple varieties that are previously unknown to consumers are given a sensory claim, their willingness to buy increases. In order to positively influence the decision-making process of a consumer at the point of sale with a sensory claim, it is important that the claim in advertising and on product packaging is fully understood by the consumer, is seen as helpful and trustworthy, and is perceived as comprehensible during consumption (Clark 1998). Concise but brief information is best for increasing credibility with consumers (Swahn et al. 2012). If the information provided does not meet the generated expectations in terms of appearance, texture or taste in the consumer, this may lead to rejection towards the product. Therefore, when developing sensory claims, care must be taken to ensure that they accurately and correctly describe product attributes (Piqueras-Fiszman and Spence 2015). Sensory claims are particularly appropriate for consumers who view appearance, taste and/or texture as significant product attributes. Sujan (1985) noted that there are two types of consumers who differ in how they develop and hold thoughts: heuristic-based and analytic-based consumers. Heuristic-based consumers tend to make general descriptive comments such as "good" or "bad." These consumers usually ignore or do not understand the stated claim (Swahn et al. 2012; Wansink et al. 2005). Analytic-based consumers, on the other hand, provide more feature-specific comments and thus detailed information about the product, such as "tastes sweet." With this group of consumers, there is an opportunity to increase acceptance by naming specific sensory product attributes. Younger consumers need information to satisfy their curiosity about the product, that is why their interest in information about sensory features is particularly high.

Allison et al. (2004) showed that the popularity of crackers can be increased if sensory perceptible key features are indicated during tasting ("Today, you will be tasting three samples of a chili-cheese flavoured snack cracker"). In contrast, the older generation lays more emphasis on health claims (Allison et al. 2004; Fernqvist and Ekelund 2014; Kihlberg et al. 2005). In the case of wine, Mueller and Szolnoki (2010) determined that older consumers attach great importance to the brand name and label. Young, inexperienced consumers, on the other hand, are influenced in their opinion of wine by various factors (brand, country of origin, packaging and label). The indication of sensory product characteristics enables both groups to select wine according to their personal taste, because indications regarding the description of the sugar content, such as "dry" or "semi-dry," are not obligatory. Sensory claims also have the potential to influence sales, attitudes towards food and purchase intention (Haack 2014; Wansink et al. 2005). Wansink and Park (2002) showed in a study with seafood fillets that sales increased by 27% when a sensory claim ("succulent Italian seafood fillet") was stated. Swahn et al. (2012) demonstrated that sensory claims ("very juicy," "sweet," "slightly sour," etc.) increased sales of apples by 25% and promoted repeat purchases. Claims also make it possible to increase a company's sales, as they can also be used to enforce price increases (Swahn et al. 2012). In a study by Mueller et al. (2010), 33% of the test persons were willing to spend more money on wine with sensory characteristics.

The studies on **suboptimal foods** suggest that consumers are less receptive to these products – be it due to the visual appearance of the product itself (maturity level) or poor packaging (eye tracking study). This was reflected in a lower overall acceptance, purchase intention and in a negatively deviating assessment of individual sensory properties. A positive experience with such products, for example by tasting them, as well as suitable communication strategies can help to counteract the low expectations of consumers. Convincing consumers of the taste benefits (e.g., sweetness of the ripe banana) or the equivalence of the products (e.g., independence of taste from the condition of the packaging) remains one of the most urgent challenges for the food industry. To successfully tackle food waste on the consumer side, it is necessary to know the reasons for throwaway behaviour. Knowledge about the role of sensory properties of food and the importance of packaging characteristics can help to better understand acceptance or rejection of food. Communication campaigns should be focused on increasing consumers' willingness to purchase (supermarket situation) and consume (household situation) suboptimal foods. Despite the beginning of the abolition of marketing standards, products that deviate from the supposed optimum are removed from the shelves by retailers due to concerns that these products will no longer be purchased (Loebnitz and Grunert 2015). Table 5.1 provides an overview of the implications for the food industry and retail for various areas of application.

5.5 Summary

This paper shows that light-coloured packaging obviously has different meanings for different consumers in different purchasing situations. These observations not only provide new impetus for manufacturers to market healthier products, but also offer important new insights for legislators and initiators of health campaigns.

This article also answers the question of what is meant by sensory claims and how they influence customer expectations and perception. With numerous examples from corporate practice, it is shown how advertising with sensory features is already implemented at the point of sale and how companies strategically use sensory claims on packaging as part of their brand statement. Sensory claims are a good alternative to the legally regulated health claims. They offer advantages for manufacturers and are suitable to inspire consumers to buy their products by naming sensory characteristics. For consumers, sensory claims are decision-making aids, as they convey valuable information about the sensory product characteristics. However, consumers should be involved in the development of the claims in order to avoid misleading information about the food's characteristics and thus disappointing the consumer.

The results of the studies on suboptimal foods presented in this chapter show a strong correlation between sensory perception and overall acceptance as well as purchase intention: consumers are quite willing to buy visually suboptimal foods if they are convinced of their taste. Consciously using the human senses in the marketing of food can be an important step towards resource conservation and food waste avoidance in the future.

Table 5.1 Implications for the food industry and retail

Area of application	Description
Food industry	
Target group segmentation	• Adaptation of products to different target groups depending on situational (e.g., first vs. repeat purchase) and individual factors (e.g., health consciousness, environmental friendliness) • Target group appropriate use of packaging colour, claims and labels
Strengthening competitiveness	• Strategic use of packaging features (e.g., colour, claim, label) as a low-budget opportunity to increase attention, purchase intention and thus sales and profit
Relationship management	• Inclusion of the consumer in the product development process to avoid high flop rates • Cooperation along the food value chain to prevent food waste
Retail	
Distribution and pricing	• Careful selection of the range of healthy and sustainable (here: suboptimal) foods on offer (e.g., discounter vs. organic market) depending on consumer attitudes and willingness to pay • Price reduction for suboptimal food • Creation of a multi-sensory product experience for the consumer at the point of sale (e.g., tastings)
Product positioning	• Permanent offer of a wider range of healthy and sustainable (here: suboptimal) foods • Integration of healthy and sustainable (here: suboptimal) foods into the standard product range • Carrying out tastings and participatory activities (e.g., cooking shows) to reduce negative reservations about healthy (in light-coloured packaging) and sustainable (caused by visual defects) product alternatives • Appealing product presentation of healthy and sustainable food (equivalent to the presentation of conventional food)
Advertising and communication	• Use of packaging colour as a subtle way of influencing the purchase decision • Consideration of the contradictory effects of light-coloured product packaging (taste vs. health) • Consideration of the general effect of product colours (e.g., culture-dependent) • Use of darker colours even in healthy foods to avoid false conclusions about taste • Testing effective ways of product communication (price message vs. sustainability message vs. health message) • Emphasising the product benefits of healthy and sustainable food (e.g., taste). • Limited use of product advertising for healthy and sustainable food for consumer groups for whom health and sustainability play a subordinate role

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Identifying Brand Values and Staging Them Multisensually

6

Karsten Kilian

Abstract

The optimal design of the message, elements, signals and assessment (MESA) of the brand is central to brand success. Starting from a clearly defined, distinct message (identity) of the brand, which is determined on the basis of the CORE criteria and converted into a brand profile, suitable primary and secondary brand elements can then be selected and (further) developed over time. The different brand elements can be combined into four types of multisensual brand signals: products, environments, media and people (PEMP). Based on this, brand awareness and the brand image anchored in the minds of customers must be continuously recorded. As a result, the four-stage MESA approach ensures that companies identify high-profile brand values for their brands and effectively stage them multi-sensually in order to inspire employees and customers alike and get them interested in the brand(s).

6.1 Brand Values as a Basis

Central brand strategy issues are the profiling and positioning of a company's brand(s). The resulting value system serves as an important framework for the further development of the corporate strategy and the business model. It reduces the risk of a company making the wrong strategic decisions, as it provides a fixed framework within which the company can and should develop in an agile manner (Kilian 2018a, p. 57).

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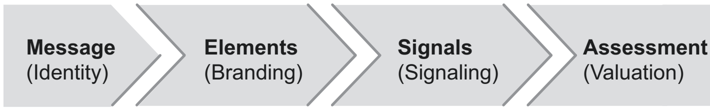

Fig. 6.1 Basic structure of Kilian's MESA branding approach

Subsequently, the brand values with a strong profile must be translated into brand elements or, in the case of existing brands, regularly checked for coherence among each other and in relation to the brand values and, if necessary, supplemented by additional brand elements. Frequently, we also speak of design elements. Key brand elements include key images and characters as well as colors and shapes, sounds and materials, all of which should express what the brand stands for. Of particular importance are the brand name and the brand logo, as they can be trademarked relatively easily for the long term. Together, they become a knowledge memory that unites all experiences with the brand. On the Internet, brand name also becomes a central search criterion for employees and customers as domain address, fan page and hashtag.

Several brand elements are almost always used simultaneously and combined to form complex multisensual brand signals. Four types of brand signals can be distinguished: products, environments, media and people (PEMP). Together, they shape the customer experience at the touchpoints with the brand, which, when systematically coordinated, result in effective customer journeys. The customer experiences need to be assessed appropriately, especially with regard to the status quo and changes in comparison to competition and over time.

The four central components of message, elements, signals and assessment together form the brand management framework and are abbreviated with MESA, as shown in Fig. 6.1.

The starting point for the development and management of a brand is the brand identity, which can be described more figuratively as the brand message. The first step is to define a meaningful message for the brand and then to communicate it internally and externally. Figure 6.2 shows the central components as well as the CORE criteria for selecting suitable brand values, which are explained in more detail later.

6.1.1 Avoidance of Interchangeable Brand Values

When identifying brand values, generic and often interchangeable, commoditized values such as quality, innovation and customer orientation should be avoided as far as possible. Instead, it is important to identify unique brand values that grasp "the core". This is not to say that quality, innovation and customer focus are not significant to a brand's identity. They are! It is just that the abstract "umbrella terms" themselves do not help, since they are valid for many companies and thus do not contribute to differentiation, as the results of four studies in Table 6.1 make clear.

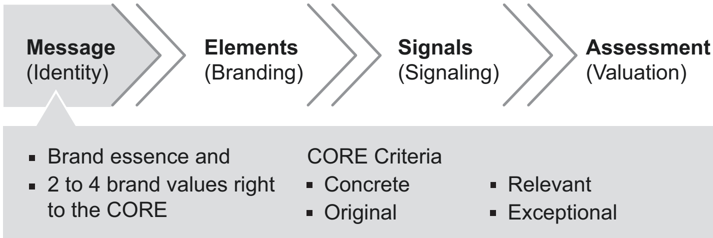

Fig. 6.2 The message as part of the MESA of branding approach

Table 6.1 Popular and thus arbitrary brand values (figures in percent)

Kleiner and Bold (2011) German Mittelstands-U.		Kilian (2012b) German high-tech U.		Ecco (2013) International companies		Kilian and Keysser (2017) German Stock Exchange U.	
Quality	40	Quality	39	Innovation	34	Integrity	44
Reliability	29	Innovation	30	Quality	30	Quality	36
Innovation	27	German workmanship	23	Customer satisfaction	28	Innovation	28
Customer orientation	20	Tradition	18	Integrity	20	Responsibility	27
Sustainability	11	Precision	18	Environment	17	Trust	19
Technology leader	9	Reliability	18	Know-how	16	Respect	19
Environmental awareness	9	Customer orientation	7	Responsibility	14	Customer orientation	18
Competence	7	Know-how	7	Team spirit	12	Openness	16
Trust	7	High quality	7	Respect	12	Entrepreneurial	15
Respect	7	Technology leader	7	Ambition	11	Reliability	15

Source: Kleiner and Bold (2011, p. 15); Kilian (2012b, p. 65); Ecco (2013, p. 4); Kleiner and Bold surveyed German SMEs across industries (n = 55), Kilian surveyed managers from the German high-tech industry (n = 44), Ecco analysed companies from 11 European countries, Australia and the USA (n = 4348) and Kilian and Keysser (Kilian 2018b, p. 37) studied 110 listed companies in Germany (DAX, M-DAX and TEC-DAX), with no data available in 25 cases (n = 85)

On average across all four studies, quality is used as brand value by 36% of all companies and innovation by 30%, which is why both can be regarded as generic brand values. They are usually not suitable for differentiating the brand from competition and for generating preferences. The same applies to customer orientation, which seems unsuitable as brand value per se, since it is considered a fundamental corporate task to place customers at the centre of one's work. Customer proximity, in contrast, is conceived as a brand value, since proximity to customers is not self-evident – and can have a differentiating effect.

In addition to the frequent use of brand values with interchangeable content, nouns (e.g., down-to-earthness) are often used for brand values, which often does not really have an activating and appealing effect. Therefore, the targeted selection and use of adjectives (e.g., down-to-earth) is recommended. In addition, three further linguistic causes of weak brand identities can be named:

- Ambiguous,
- Unrealistic and/or
- Abstract and thus meaningless brand values.

A German medium-sized company, for example, had chosen "performance" as its brand essence. In addition to the resulting linguistic hurdle for a predominantly German employee base, it became apparent that performance covers a broad spectrum with over 30 meanings, ranging from work performance to performance characteristics to a theatrical performance. In turn, one of the world's leading telecommunications providers announced a few years ago that it would focus on the brand values innovation, competence and simplicity. How a company with several hundred thousand employees and a wide range of modern IT and TC services intends to realize simplicity remains unclear. As far as the brand value innovation is concerned, this is initially abstract and meaningless. It additionally requires a complex formal system that substantiates the brand value for different business domains and departments. In some cases, brand scorecards (Linxweiler 2004, p. 339; Meyer 2007, p. 26) are used for this purpose. This approach is possible in principle, but involves substantial administrative efforts that cost plenty of time and money.

6.1.2 Use of CORE Brand Values

It is therefore advisable to define meaningful brand values that "speak for themselves" and can be quickly and easily understood and internalized by employees and customers. This can be achieved by branding partial aspects of the aforementioned generic values and communicating them in a credible manner. Quality, for example, can mean high quality, long life, robustness, stable value, reliability or safety, and in a figurative sense also valuable or competent. In the case of food, there are also meanings such as natural, sustainable, healthy, tasty and enjoyable. It is therefore advisable to focus on a partial aspect of quality as a brand value and not on "the big picture," as the latter offers too much room for interpretation and thus does not provide the necessary clarity and orientation in the company and certainly not for the customer. Good brand values are high-profile brand values that make sense on their own and are understood by employees and customers without a lot of explanatory words, workshops and commercials (Kilian 2017, p. 113).

Kilian's CORE criteria are a good starting point for determining high-profile brand values. According to this approach, the brand values and the brand essence must be as concrete, original, relevant and exceptional as possible (Kilian 2009c, pp. 42–43; Kilian 2012b, p. 65). They are meaningful and inspiring, grounded in the company, significant for customers and characteristic for the brand compared to competition.

Brand Values right to the CORE

Concrete	Meaningful and inspiring – The brand values are pictorial and catchy rather than nebulous and abstract, meaning they offer little room for interpretation
Original	Grounded in the company – The brand values are associated with the company's own achievements and can be exemplified by the company
Relevant	For the customers – The brand values have a special meaning for the customers and are taken into account in purchase decisions
Exceptional	Compared to competition – The brand values can ideally only, or at least very credibly and convincingly be claimed by the company

Source: Kilian (2012b, p. 65)

The previously mentioned brand values quality, innovation and customer orientation are anything but concrete. Nor are they original for a brand value, but merely the result of underlying brand drivers (Brandmeyer et al. 2008, p. 152). In contrast, the brand value "precise", for example, can both emphasise the importance of millimetre-precise workmanship and ensure a clearly understandable pricing policy. Anything that runs counter to precision does not fit the brand and therefore will not be made. Everyone understands this: the managing directors, the development team and the reception staff. "Relevant" in turn refers primarily to the target group, the customers. Only if precision is relevant to the customer or can achieve relevance through appropriate communication should it be considered as a brand value. If a company is precise in its actions and in the services it provides, the perception of quality will arise automatically as a result. Finally, "exceptional" means that a brand value is only or especially valid for the company's own brand, for example because of the company's unique history or patented technologies.

6.1.3 Determining the Brand Positioning

Based on the brand values that have been defined down to the CORE, it is important to optimally position one's own brand on the market. The positioning of a brand results from the comparison of the own brand identity with the identity of relevant competitors. Relevant brands are usually depicted with the help of two- or three-dimensional diagrams that show how the various brands are arranged relative to one another on the basis of two or three criteria or pairs of criteria (Kilian 2018a, p. 63).

The positioning of a company or its offerings aims to anchor, reinforce or change desired ideas about the products and services offered in the minds of non-customers and customers, because "the only reality that counts is what's already in the prospect's mind" (Ries and Trout 2001, p. 5).

It is usually not a matter of creating something new in the minds of customers, but of influencing existing ideas in a desired way and weaving one's own brand into existing knowledge structures, e.g., the knowledge that buying from the market leader is a safe choice.

By selecting and concentrating on a single advantage of one's own offering that is relevant to customers, it is possible to segment the market and to achieve an optimal positioning of one's own offering. On the one hand, executives and brand managers have the task of helping to define the positioning; on the other hand, they are often (co-)responsible for the implementation. The more skilful they are in doing so, the higher the customers' willingness to pay and the more pronounced their loyalty. In this context, it is not so much the facts that are decisive, but rather what is perceived in the minds of the customers as applicable and purposeful. Basically, eight promising positioning options come into question.

Positioning Options

- Market leader (real or perceived)
- Challenger (No. 2)
- Preferred offering (from the experts' point of view)
- Original offering
- Category inventor
- Specialist
- Next generation
- Independent brand elements

Source: Brandtner (2005, p. 32); similar already Ries and Trout (2001, p. 43)

The first positioning option is market leadership. The size of the company is less important here than a clever – and from the customer's point of view comprehensible – definition of the relevant market. Red Bull, for example, was the market leader with its "energy drink" from the very first can, whereas the brand would be classified as "below the rest" in the soft drinks sector to this day. The Italian pasta brand Barilla, in turn, launched its brand in the USA as "Italy's pasta No. 1" and DWS advertised its funds in Germany for years with "Money belongs to the No.1."

Similarly, there are examples where challengers position themselves as No. 2 relative to the leading competitor, such as Pepsi and Burger King. However, here the criterion "better" rarely leads to the goal (Ries and Trout 2001, p. 53). An exception is the – earlier – positioning of Avis. For years, the car rental company communicated its second position with "We try harder." The trick was that it implicitly implied that in this way it would be able to overtake the market leader Hertz in the medium term.

Well-known expert-recommended offerings include Oral-B, the toothbrush brand that dentists most often advise their patients to use, and Finish, the dishwasher brand that leading dishwasher manufacturers recommend.

The brands Aspirin, Nutella and McDonald's, in turn, are originals. The same applies to Geox, Thermomix and Viagra. They are usually rated better than their copies. Usually, but not always, they are the first brands in a new category (see Aaker 2011).

Brands become category inventors when they define a meaningful new category from the customer's point of view. Well-known examples are Dr. Best (bendable toothbrush), Dell (PC direct sales), Aronal and Elmex (toothpaste varieties depending on the time of day), Wagner (stone-baked pizza) and the already mentioned brands Viagra (sexual enhancer), Thermomix (multifunctional kitchen appliance) and Geox (breathable shoes).

In cases where no meaningful new category can be found, positioning a brand as a specialist or niche provider is a good idea. Many of us prefer to go to the specialist rather than the generalist, not only when it comes to doctors! It is enough to be the first to specialize in a niche from the customer's point of view, as BMW (driving pleasure), Volvo (safety), KTM (off-road motorcycles), and Mrs. Sporty (fitness studios exclusively for women) have done. Typical specialization dimensions are size (small/large), price (high/low), gender (men/women), age (young/old), time of day (day/night), distribution (selective/broad), and intensity of use (hobby/professional).

The important thing is that you do not try to please everyone, because then you will not please anyone. Those who do not polarize to a certain degree are usually only positioned in a weak manner.

The "next generation" positioning approach also works well in many cases, especially in industries where progress is viewed positively. For example, dishwasher tabs with four instead of three functions, wet razor blades with five instead of four cutting blades and toothpastes with six instead of five protective functions are clearly preferred. In the case of smartphones, computer processors and software programs, too, the next generation is always promoted, making all previous (competitor) products look old.

What most approaches have in common is that their own positioning simultaneously (re)positions the brands of competitors: if Coca-Cola is the original, Pepsi must therefore be an imitation product. Dr. Best was the first bendable toothbrush, thus repositioning all other toothbrushes at the same moment – involuntarily – as fixed toothbrushes. And Geox sells breathing shoes, suggesting that all other manufacturers sell non-breathing shoes. Once a viable positioning has been found, it is a matter of translating one's own brand message into brand elements.

6.2 Brand Elements as Design Parameters

Brand elements are creative expressions of the brand identity, usually simple conceptual units that specifically address one or two sensory channels (e.g., color, shape, sound, imagery). They help to optimize the associations linked to a brand as well as to maximize recognition, whereby a distinction can be made between primary and secondary brand elements (cf. Fig. 6.3). Primary brand elements usually belong to the company and express the brand values, while secondary brand elements are usually assigned to third parties and enrich the brand (Kilian 2009a, p. 37).

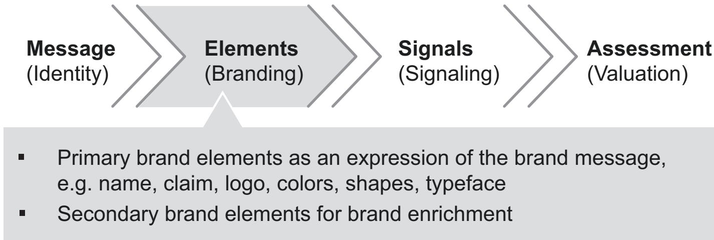

Fig. 6.3 The elements are part of the MESA branding approach

6.2.1 Primary Brand Elements

In terms of primary brand elements, the focus to date has almost always been on visual design parameters, first and foremost form, colour and layout, but also visual language, symbolism and typeface. The other four senses are usually only considered at the margins, if at all – and even more rarely defined in line with the brand. But a product is not only seen by customers. It is also heard, for example when operating a switch. It can also be smelled, for example when leather is used. Taste, in turn, is limited to food, although on special occasions, for example at trade fairs and company anniversaries, non-food manufacturers often serve food and drink to their guests as well. With a skilful selection, they can use this to additionally underline their identity. Sushi and Swabian ravioli, for example, are decoded quite differently. The same applies to inexpensive filter coffee from Ja! (Rewe) compared to Jacobs Krönung (Kilian 2017, pp. 113–114).

The constitutive brand elements include in particular the brand name, the logo, selected key images and design elements, especially colours, shapes and typefaces (Kilian 2020b, pp. 36–40). Brand language, brand sound and product sounds as well as brand haptics should also be considered and, depending on the nature of the product, a typical taste or scent of an offering should also be considered on a case-by-case basis. This applies all the more as classical elements are increasingly exploited. Therefore, it is increasingly necessary to use such brand elements for differentiation, which have so far only been used by a few companies (Kilian 2009a, p. 37).

Primary Brand Elements

- Name (incl. domain)
- Claim (Slogan)
- Logo, symbols and key images
- Design elements (esp. colours, shapes and the typeface)
- Acoustics (esp. language, sounds and noises)
- Haptics (esp. surfaces)
- Olfactory (scent)
- Gustatory (taste)

The primary brand elements are also referred to as branding, branding elements or brand stylistics (Baumgarth 2014, p. 261; Schmidt 2015, p. 68). The most important brand element is the brand name. With the increasing prevalence of voice assistants, voice commerce is likely to gain further importance and with it brand names (Müller and Rest 2018, pp. 80–81). In addition, brand names ensure that companies or offerings become a household word and that customers can optimally store experiences with them in their memory. However, the effort required for name development should not be underestimated. With more than 25 million registered trademarks worldwide, a systematic approach is absolutely advisable. The increasing international integration plays an increasing role, too. It should be borne in mind, for example, that the seven main languages of the EU have only 1300 words in common and that out of 20 shortlisted brand names only two or three are usually eligible for protection after legal examination (Kilian 2006, p. B4), since around two million trademarks are protected for Germany alone.

In addition to finding a name for a new offering, reviewing an existing name in terms of its desired effect or modifying or replacing an existing brand name with a new one may also require going through the naming process (see Kilian 2018a, p. 70, for details).

Brand logos are another important brand element. Their central tasks include attracting attention, generating liking, communicating associations relevant to positioning, and being easily perceived and remembered. Logos are more or less distinct graphic elements in written or pictorial form. Figurative logos can be further differentiated into iconic, indexical and symbolic logos based on their sign meaning.

Iconic logos have a high degree of similarity with the designated object due to their concrete design. Typical examples are the logos of the mineral oil company Shell, the magazine Stern or the electronics supplier Apple. In contrast, indexical logos are characterized by the fact that they have no direct reference to the object, but merely have a certain property in common with it, such as the result for the building society Schwäbisch Hall, on whose stones one can build. Symbolic logos, in turn, are created through learning processes and agreements between people. All abstract logos fall into this category, e.g., the three stripes of Adidas, the Lacoste crocodile or the Mercedes star.

In addition to logos, claims and slogans are also important primary brand elements. While claims usually represent positioning statements, slogans can be defined as short, concise advertising texts (Görg 2005, pp. 15–16). In the following, both terms will be used synonymously. In contrast, a distinction between brand claim (brand slogan) and campaign claim (campaign slogan) seems more helpful. While the brand claim can be understood as a fixed component of the brand message, since it is part of the brand appearance in the long term, the campaign claim is usually only used for a limited period of time and in certain media formats, e.g., for the introduction of a new product. The difference can be illustrated by the example of the German bank chain Volksbank. While the brand claim "We clear the way" has been used since 1988, the campaign claim "The cooperative idea," introduced in 2018, is not always used everywhere. The brand claim is usually placed directly next to the name or logo, while the campaign claim is placed above or near the actual offering, e.g., as the headline of a print or online advertisement.

In very general terms, campaign claims can be described as short phrases used in communication to convey descriptive or emotional information. In contrast, the tasks of brand claims include increasing the recognition of a brand, linking the brand name with the offering and thus supporting active brand awareness as well as the positioning of the brand. Both brand and campaign claims, unlike brand names and logos, can be adapted easily over time and tailored to different areas of application or target groups.

In a similar way, the brand positioning can also be communicated through key visuals. Three forms of visual key motives can be distinguished: brand names, logos and user-related or pictorial worlds of experience. The use of a brand name and logo (e.g., the Michelin man "Bibendum") ensures the identification of the brand. Other typical examples are the Sarotti magician of the senses and the visual implementation of the brand "Du darfst" (You may). In the case of benefit-related imagery (e.g., Mr. Proper), the benefit associated with the brand is illustrated. In addition to the identification function, this approach serves to convey information through an enriched brand image. An example of a benefit-related imagery is the tomato of the toothbrush brand Dr. Best, which vividly illustrates the bendability of the brush when pressure is too high and thus the gentle cleaning of teeth with the brush. A pictorial world of experience (e.g., Davidoff Cool Water) has the task of conveying emotions in addition to its identification function. Classic examples are the worlds of the Marlboro cowboy and the Beck's sailing ship, which are characterised by freedom and adventure (Kilian 2009a, pp. 39–40).

Shapes and colours lend expression to the typeface of the brand name, the design of the logo and other visual elements. Physiologically, colors are perceived first, then shapes, and finally texts. Images consisting primarily of colours and shapes are not only almost always noticed first, but are also viewed significantly longer and with greater probability than written texts (Kilian 2012a, pp. 20–21). Color perception passes through three stages of awareness. Color impressions are followed by sensations, which in turn evoke a corresponding effect. For example, the color yellow is often associated with a jarring major tone, perceived as smooth and soft, associated with warmth, and judged as light. In addition to the sensory associations, colours also trigger general associations and effects (cf. Table 6.2).

The colour red has the strongest activating effect. It is culturally associated with blood and thus with fear, which also explains why most warning signs are red. The activation emanating from a hue is closely linked to the warmth of the hue. While warm colors such as red, orange and yellow are highly activating, cold hues such as purple, blue and green have little activating power. In addition to hue, color saturation (intensity and purity) and color brightness (perception of light and dark) are the main factors that influence brand perception. Colors with higher color saturation activate more strongly and are usually more appealing. The same applies to brighter colors. Color brightness is often linked to certain associations. While dark colors seem rather powerful and active, which is why they are perceived as strong, superior, vivid and hard, light colors seem rather weak and passive to us. We perceive them as soft, delicate and calm, but also as easygoing and devoted (Kilian 2012a, p. 21).

With regard to the shape style that characterizes the design of many brands, a distinction can be made between dimension (points, lines, surfaces and solids), design implementation, limitation (contour), quantity (absolute or relative size) and quality. The quality of

Table 6.2 Associative and psychological effects of colours

Color	Associations	Effect
Blue	Silence, harmony; space, eternity; sky, vastness, infinity; cleanliness	Quiet, reassuring, harmonious, secure; longing; sympathetic, friendly, spontaneous; dutiful, focused; rational thinking
Red	I; fire, blood; love, sexuality, exoticism, fantasy; joie de vivre, vital energy, zest for action	Dynamic, active, powerful, magnificent; aggressive, dangerous; exciting, desiring, challenging; emotionally sensitive
Green	Youth, spring, nature; hope, confidence; calm, relaxation; tolerance; security; health	Natural, pleasant, calming; lively, full of life, refreshing; close to nature; peaceful, calm; sensitive
Yellow	Fertility, summer, blessing, abundance; danger, threat; jealousy, envy, avarice; caution	Radiant, cheerful, sunny, clear, free; communicative, connecting, stimulating, extroverted; intuitively sensual
Brown	Health, security; sluggishness, laziness; intemperance: bourgeoisie, conventionality	Warm, earthy, comfortable; static, cozy, un-erotic; withdrawn, saggy
White	Beginning, innocence, purity, piety, faith, eternity, truthfulness, accuracy	Perfect, ideal; simple, functional; clinical, clean, sterile; cheerful; illusionary, spiritual, unrealistic
Grey	Thoughtfulness, punctuality, insensitivity, indifference, gloom, modesty	Modern, plain; old; unconcerned, indifferent, balancing, neutralizing, conforming; screened, secretive, hidden
Black	Seriousness; darkness, grief, death, end, emptiness; selfishness, guilt, distress; magic, power	Sublime, elegant; technical, strong, powerful; transient, static, passive; closed, pessimistic, obsessive, hopeless

Source: Küthe and Küthe (2002, pp. 24, 99–101, 108, 114, and 123); Kilian (2012a, p. 20)

form refers to the contour of an object. While acute-angled shapes, e.g., triangles, appear active and powerful as well as changeable, tense and constructive, right-angled shapes, e.g., squares, are perceived as powerful and passive – but also as masculine, hard, determined and rational. In contrast, round shapes, e.g., circles, appear more passive and weak and at the same time feminine, soft, moving, undetermined and emotional (Kilian 2012a, p. 21).

The typeface chosen is of particular importance; it can be designed with or without serifs (crosslines at the end of the letters) and can appear authoritarian, honest, childlike (such as the Disney typeface) or friendly (cf. Fig. 6.4):

- Authoritarian: Angular capital letters in bold, (menacingly) tall type
- Honest: Slim straight letters with soft, simple shapes
- Friendly: Italic letters with rounded ends or serifs
- Childlike: Rounded letters with squiggles or especially "thick"

In addition to visual impressions, brands can also make an acoustic impression. The spectrum of acoustic brand elements is large. It ranges from product-specific sound, interactive sounds, sound logos (jingles) and brand songs to background music, corporate

Fig. 6.4 The visual “tone” of the typeface

Authoritarian	Honestly
Friendly	Childish

anthems and corporate voices to cooperative brand music, e.g., in the form of music marketing and music sponsoring (detailed in Kilian 2009a, p. 41). Sound logos, which used to be called jingles, are often of central importance. Sound logos are short or core motives that are used at prominent points as acoustic trademarks. They usually consist of a short, distinctive sequence of sounds, sometimes a specific noise, and contribute to brand recognition due to their easy memorability. Well-known examples are the sound logos of BMW, Intel and Deutsche Telekom. Sound logos also frequently reinforce the effectiveness of brand names (e.g., “Ei, Ei, Ei … Verpoorten”) or brand claims (e.g., “Wenn’s um Geld geht … Sparkasse”) through melody, rhythm and sound.

In many cases it is also advisable to address the sense of touch. The perception is primarily tactile via the skin, then kinaesthetic via muscles, tendons, joints and the surrounding tissue. Haptic stimuli are better perceived visually when it comes to shape and size or coarse, visible textures. In contrast, haptic perceptibility is just as superior to visual perceptibility when it comes to temperature, consistency and weight as it is with fine, barely perceptible textures. Materiality can make all the difference. It can be brand-defining or serve as an expression of the brand identity. For example, aluminium gives products their lightness, leather gives them elegance and value, wood conveys naturalness and metal – compared to plastic – makes it clear that a product is robust and durable (Kilian 2017, p. 114). In addition to the primary brand elements mentioned, there are numerous secondary brand elements that can be used to further characterize the brand.

6.2.2 Secondary Brand Elements

Secondary brand elements are characterized by the fact that they enrich a brand. Through the connection with other objects, the brand image can be strengthened or changed. Basically, there are seven starting points for brand enrichment:

- Country or region of origin
- Licensing (e.g., photos, songs)
- Sponsoring of events
- Brand alliances (esp. co-branding)
- Advertising cooperations (e.g., with influencers)
- Neutral institutions (e.g., quality seals, test reports)
- Distribution channels and partners

Typical secondary brand elements include the country of origin (CoO) of a brand, licensing and sponsoring of events as well as brand alliances and advertising cooperations. The latter two approaches allow the companies involved to combine their own brand image and market know-how with an adequate partner in order to operate successfully on the market together – while maintaining their respective independence (detailed in Kilian and Pickenpack 2018). Well-known examples of co-branding are chocolate from Ritter Sport and Smarties, electric razors with integrated aftershave from Philishave and Nivea Men, and unusually designed kitchen appliances from Philips and Alessi. As far as advertising cooperations are concerned, the multi-year collaboration between Puma and Pamela Reif is a case in point. The key success factors of brand cooperations include (Baumgarth 2014, p. 280):

- High fit between the brands involved (brand fit)
- Independent, complementary competences and matching offerings of the partners (product fit)
- Extensive target group overlaps (commonalities)
- Positive assessment of the joint advertising appearance (advertising appeal)

It must be checked in advance whether partners complement each other optimally, as well as whether and to what extent the target groups are compatible with each other. The aspect of advertising fit is closely linked to the implementation and is therefore hardly testable in advance, but is partly related to brand and product fit as well as the scope of the common target group. If major inconsistencies already emerge here, the joint advertising appearance is also usually poorly assessed, as credible arguments for a comprehensible connection are lacking.

In addition, neutral institutions, e.g., Stiftung Warentest and the Institut Fresenius, but also non-governmental organisations (NGOs) such as the Marine Stewardship Council (MSC) and the World Wide Fund For Nature (WWF) are among the secondary brand elements. Through independent tests and their own seals of approval, they can positively influence the perception of brands. Finally, the chosen distribution channels and sales partners also influence brand perception. Therefore, secondary brand elements should be chosen carefully.

6.3 Brand Signals as a Means of Expression

The brand elements under consideration are never used in isolation, but are combined with each other in a variety of ways, whereby four types of brand signals can be distinguished with products, environments, media and people (PEMP), as Fig. 6.5 shows.

Of central importance is the brand-compliant design of the functionality, materiality and design of the offering. Secondly, environments, especially brand experience worlds, have an important influence on the brand image. Typical examples are brand parks, brand events and brand sales locations, e.g., brand shops (Kilian 2010b, pp. 51–52). They make it possible to transform the primarily sales-oriented point of sale (POS) into a more multilayered point of experience (POE) that provides distinctive, memorable brand experiences.

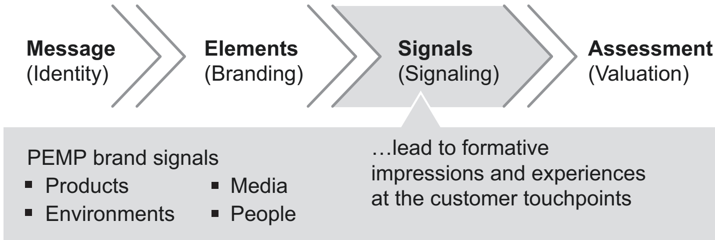

Fig. 6.5 The signals are part of the MESA branding approach

In combination with a continuously experienced product experience or a positive service outcome, the point of sale brand experience becomes a formative component of the brand perceptions that shape our behaviour in the long term (Kilian 2008, pp. 197–198; Kilian 2012a, p. 42). In addition, thirdly, all media formats used must be designed to conform to the brand, from TV commercials to outdoor advertising to the brand website. Finally, people must be taken into account as important brand signals. These include in particular sales and service staff, but also micro, macro and mega-influencers as well as prominent testimonials from the fields of sport, fashion and music as well as film and television (Kilian 2020a, pp. 81–84).

In contrast to brand environments such as trade fair stands and brand shops, where all five senses can almost always be consciously addressed, this is usually not possible with the other brand signal types. Thus, with products and people, usually only three or four sensory channels can be specifically addressed. Via (mass) media, in turn, usually only one or two sensory channels can be addressed directly, which is why the close senses of haptics, smell and taste can often only be addressed indirectly, e.g., through language, images and/or sounds that activate haptic, olfactory and/or gustatory inner perceptions.

If, for example, a radio commercial sounds a crack-crisp-crunch noise when biting into fresh biscuits, the associated taste experience of a Leibniz biscuit is inevitably activated. Similarly, the audible scratching of a heating rod not protected by a water softener recalls the haptic protective effect of Calgon. In a similar way, a haptic effect can also be visualized in a print ad. In an ad for Guhl shampoo, for example, the haptic product benefit “soft” is not only simply verbalized, but also depicted in the form of wooden letters to illustrate it. The letter “s” is rendered with a visibly rough wooden surface, the letter “o” is embodied by a Guhl shampoo bottle, and, following the reading direction and our learned before-after understanding, the remaining letters are depicted with smooth surfaces and rounded edges. In Table 6.3, the multi-sense action spectrum is reproduced as an example for all four brand signal types (Kilian 2018c, p. 132).

In addition to medially varying possibilities, the industry, product or service-related differences as well as situation-dependent parameters influence the relative importance of the five senses in the perception process. In general, four explanatory approaches can be named that explain the relative dominance of a sense channel. While the discontinuity hypothesis states that the dominant modality is the one whose stimulation is

Table 6.3 Multisensual effect of brand signals

Brand signals	Examples	See	Hear	Smell	Touch	Taste
Products	e.g., Packaging	■	■	■	■	□
Environments	Building	■	■	■	■	
	POS/Shops	■	■	■	■	■
	Events	■	■	■	■	■
	Trade fairs	■	■	■	■	■
Media	TV	■	■	□	□	
	Radio		■	□		
	Cinema	■	■	□	□	
	CD/DVD/Internet	■	■	□		
	Phone	□	■			
People	e.g., Sales staff	■	■	■	■	

Source: Kilian (2009b, p. 154); Kilian (2018c, p. 133)
Legend: ■ = (almost) always true (directly perceptible), □ = only rarely true (only indirectly perceptible)

discontinuous, according to the modality suitability hypothesis the sensory channel that appears to be most suitable for the concrete perceptual situation dominates. In contrast, the information reliability hypothesis emphasizes a relative dominance of the sensory modality that provides the most reliable information. Finally, the attentional guidance hypothesis explains the pronounced importance of a sense channel by the fact that this sense, through conscious addressing, receives the most attention situationally (Kilian 2018c, pp. 121–122).

For the most effective stimulation of the sensory channels, it is important on the one hand that the stimuli occur at the same time and preferably at the same place. On the other hand, the multisensory amplification and integration of the different sensory impressions is of central importance. Both of these factors cause neural responses to be faster, more accurate, and over-additive. Neurons are thought to fire up to twelve times more strongly during coherent simultaneous responses across multiple senses than during unimodal sensory stimulation, whereas inconsistencies result in reduced activation. In either case, much of the information received remains unconscious. Nevertheless, these unconsciously or implicitly perceived sensory impressions have an influence on our behavior, as, for example, study results on priming with temperature and the hardness of materials have shown. For example, if a person receives a warm (cold) coffee drink before a conversation in which he or she must evaluate the personality of a person unknown to him or her, the subsequent evaluation of this unfamiliar person turns out to be significantly more positive (negative). Similarly, evaluating a warm (cold) therapy pillow leads the person to be more likely to choose a gift for a friend (for themselves) in their subsequent choice of allowance. The reason for this is that both physical and psychological warmth, understood as "interpersonal warmth," are mentally processed in the same brain area (Williams and Bargh 2008, pp. 606–607). This is referred to, more generally, as "embodied cognition." What is meant is that our thinking is closely interwoven mentally with our bodily experience, and probably even largely emerges from it, as Ackerman et al. point out: “Our understanding of the world … fundamentally depends on our multisensory experiences with it” (2010, p. 1713).

Accordingly, the weight, texture and hardness of objects influence subsequent impressions and decisions in relation to unrelated situations and people. For example, holding a heavy (light) clipboard leads candidates to be rated better (worse) overall and as more (less) interested in the advertised position based on available application materials. Similarly, assembling a five-piece jigsaw puzzle with a rough (smooth) surface leads to a subsequently described ambiguous social interaction between individuals being described as (less) difficult and hard. In turn, a hard log (a soft blanket) causes an employee to be rated as (less) rigid and strict in a subsequently described interaction with his boss. This effect is evident not only with active touch, but also with passive haptic impressions. For example, if a person is seated on a hard (padded) chair and asked to fictitiously provide two price quotes for a car purchase, the car salesperson is described as (less) rigid and emotionless (Ackerman et al. 2010, p. 1712).

The selected examples make it clear that the physical experience and the mental sensation are closely connected. It is therefore advisable to record the sensory manifestations of the individual design elements of one’s own brand signals and to check whether they are constitutive and thus formative for the customers’ perception. In the case of light products, for example, lightness is often illustrated by desaturated colours, while in the case of premium products exclusivity is usually symbolised by golden logos or font colours and fine, straight typography. In addition to (non-)constitutive status, context also plays an important role in the interpretation of brand elements. Table 6.4 shows an example of the comparison of explicit features with implicit meanings.

The testing process starts with the recording of all explicit expressions. It is then advisable to examine the characteristics to determine whether or not they are contextually constitutive for the perception. For all relevant features, the implicit meanings should then be determined. Finally, it is advisable to check the different implicit meanings (and their

Table 6.4 Coherence of physical design elements and mental meanings

<table>
<tr><th>Sensory channel</th><th colspan="3">Exemplary characteristics (explicit)</th><th>Feature inspection</th><th>Meaning (implicit)</th><th>Consistency check</th></tr>
<tr><td rowspan="2">Visual</td><td>Large</td><td>Colorful</td><td>Dark</td><td rowspan="8">Constituent?
Context?</td><td rowspan="8">Enter here for each design element</td><td rowspan="8">Within one sensory channel or across several/all sensory channels?
☐ Yes
☐ Partially
☐ No</td></tr>
<tr><td>Small</td><td>Achromatic</td><td>Bright</td></tr>
<tr><td rowspan="2">Acoustical</td><td>Loud</td><td>Quick</td><td>Major</td></tr>
<tr><td>Silent</td><td>Slow</td><td>Minor</td></tr>
<tr><td rowspan="2">Haptical</td><td>Hard</td><td>Heavy</td><td>Rough</td></tr>
<tr><td>Soft</td><td>Light</td><td>Fine</td></tr>
<tr><td rowspan="2">Olfactory</td><td>Penetrating</td><td>Fresh</td><td>Woody</td></tr>
<tr><td>Not p.</td><td>Not fresh</td><td>Flowery</td></tr>
</table>

Source: Kilian (2018c, p. 124); similarly already Kilian (2007, pp. 324, 329 and 347) underlying explicit expressions) for coherence within one sensory channel as well as for coherence across several, and if possible, all sensory channels. If there is a high degree of coherence, it is sufficient to further optimize the existing expressions and, if necessary, to reinforce them with additional expressions. If there is only partial coherence or no coherence at all, it is advisable to modify the individual characteristics in order to bring them as close to the desired meaning as possible.

As the examples have shown, concrete, physically perceptible characteristics unconsciously activate mental concepts, which in turn influence product assessment and purchase decisions. In principle, if the amount of information is distributed over several sensory organs, more information can be processed overall. In addition, multisensory perception increases memory and recall (Kilian 2018c, pp. 123–124).

How a brand value can be shaped across all senses can be exemplified by the value "power," which stands for reputation, influence and authority. The brand essence "claim to leadership" of Mercedes-Benz is an example for this. As a general rule, a large proportion of central value fields can be specifically addressed via all five sensory modalities, as diffferent and MetaDesign (2006, pp. 3–4) were able to empirically demonstrate. A study by Klepper (2010), based on this, comes to comparable results, as Table 6.5 makes clear.

Visually, power can be expressed, among other things, through dark, valuable colours, a distanced visual language and a font without serifs. Acoustically, penetrating, loud music

Table 6.5 The multisensual coding of the value "power"

Sense	Diffferent and MetaDesign (2006)	Institute Corporate Senses (2010)
View	Dark, valuable colours Distanced imagery Solid shapes Vigorous e.g., Judgement, stretch limousine	High emotiveness High wavelength (600–650 nm) Rather geometric shapes Light to medium line contrast Low dynamism Without serifs
Listen	Loud Pervasive Precise rhythms e.g., March, lion, fanfare	High volume, dynamics, quality Cold tuning, low pitch Semi-free rhythm Medium complexity Classic impression Large instrumentation e.g., Orchestra, strings
Feeling	Cold, smooth, hard, heavy Leathery, high quality e.g., Gold leaf	Warm, smooth, hard, dry Low vibration e.g., Diamond, gold, stone, steel
Smell	Aggrandizing, heavy e.g., Incense	Spicy, animalistic, woody Not: watery, fruity, flowery
Taste	Bitter, spicy, hot e.g., Whiskey, nutmeg, dark chocolate with chili	Tart, spicy, herbaceous, woody Not: fresh, floral, citrus, green

Source: Diffferent and MetaDesign (2006, pp. 3–4) as well as Klepper (2010) with high dynamics seems appropriate, e.g., a classical orchestra with large instrumentation playing a spirited piece of music. Haptically, power tends to be warm and soft when combined with gold, and cold and hard when diamonds are used. In any case, smooth, high-quality surfaces and heavy materials are recommended. Accordingly, the Bang & Olufsen remote controls are made of metal and weigh a good 250 g, while commercially available plastic remote controls are usually only 150 g light. Olfactorily, power is closely related to roomy, heavy fragrances that should be as spicy, animalic or woody as possible. In terms of taste, power is best conveyed by bitter, spicy foods, e.g., during tastings at trade fair booths.

Most companies are still a long way from brand-compliant, multi-sensual brand communication. Based on a sustainable brand identity whose values meet the CORE criteria mentioned above, the first step is to specifically use primary brand elements to visually differentiate the brand. In the fashion industry, for example, 92% of print advertisements are incorrectly assigned or not assigned at all by people interested in fashion if the brand name and logo are hidden (Serviceplan and Facit 2007, p. 50). Across all industries, the percentage of unassigned or incorrectly classified ads is 48% (Scheier and Held 2014, p. 80). If one also considers that with an average viewing time of only 2 seconds, the key image attracts a large part of the attention, while up to 95% of the other ad content cannot be perceived or consciously processed (Kroeber-Riel 1988, p. 182). This ultimately means that half of the brands run industry advertising, but not brand advertising.

As soon as independent visual brand elements have been established, the second step is to address other senses in a brand-compliant manner. Most of the time, the focus is initially on perceived liking of the brand elements, which creates a pleasant but mostly unspecific atmosphere and often does not enable a direct connection with the brand. The second stage is therefore only recommended for a temporary transitional phase, if at all. Ideally, companies move directly to the third stage, in which the brand is made to be experienced conclusively through all five senses. True multi-sensory branding enables the most lasting experiences and long-lasting, positive brand memories. For this, it is necessary that the brand can be stringently experienced through all senses, whereby senses should also be deliberately included that have not yet been specifically addressed by the competition. In addition, it is important that all sensory impressions convey the same experience and that a direct and appropriate reference to the brand is always recognizable. As a result, the sensory impressions reinforce and complement each other and a coherent, brand-specific experience is created that engages customers with the brand and binds them meaningfully to the brand (Kilian 2010a, p. 48).

It is important that the effects associated with the brand signals are regularly captured qualitatively and/or quantitatively. The same is true for the effect of the message (identity) of the brand, which should be assessed regularly.

6.4 Brand Assessment for Performance Monitoring

The objective of brand assessments is the qualitative evaluation of brand strength and, in some cases, its quantification as monetary brand equity. Central starting points of qualitative valuations are the brand purchase funnel, the recording of brand perception and the regular determination of the appreciation of the brand, e.g., via a willingness to recommend score (cf. Fig. 6.6).

The two most important measures of brand equity are brand awareness and brand image in the relevant target group. In general, a distinction can be made between recall and recognition. Firstly, unaided awareness can be determined, whereby a distinction is made between first mention (top-of-mind) and subsequent mentions. The area surveyed can be very broad or very narrow. In principle, the more general the context in which a brand is mentioned, the better. In a second step, the aided awareness can be determined, whereby cues are given without, however, mentioning the brand name itself. For example, a specific situation (e.g., a visit to the cinema) can be cited or the figurative logo or a current campaign (commercial or print ad) can be described. In a third step, recognition is typically recorded with the question "Do you know the brand …?" or by asking whether the respondent has seen the brand recently (Kahn 2013, pp. 63–64).

The aided brand awareness also represents the first stage of the brand purchase funnel (cf. Fig. 6.7). For the second stage, familiarity with the brand is asked, in the third stage it is recorded whether the brand was shortlisted, then whether the brand, e.g., a car brand, was actually purchased. In the case of fast-moving consumer goods (FMCG), the purchase stage can be further differentiated into the stages purchased once vs. purchased more frequently (e.g., for beverages) or occasionally vs. regularly purchased (e.g., when considering different retail chains) (Perrey and Meyer 2011, p. 200). In the fifth and final stage, it is determined whether the customer would choose the brand again. For each stage, the process stage value can be determined. It indicates which proportion of the target group has reached the process stage under consideration. In the present case, 65% of the respondents are familiar with the brand under investigation. In addition to recording the process stage values, the percentage change between two neighbouring process stage values, the so-called transfer rate, is of interest. The transfer rate makes clear what proportion of the

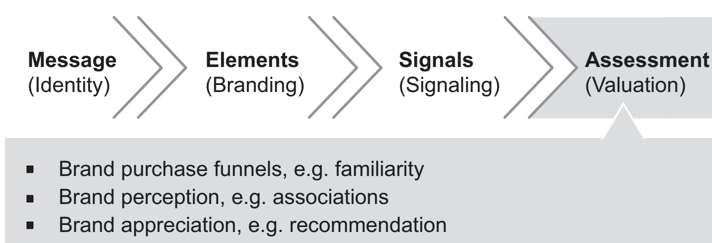

Fig. 6.6 The assessment is part of the MESA branding approach

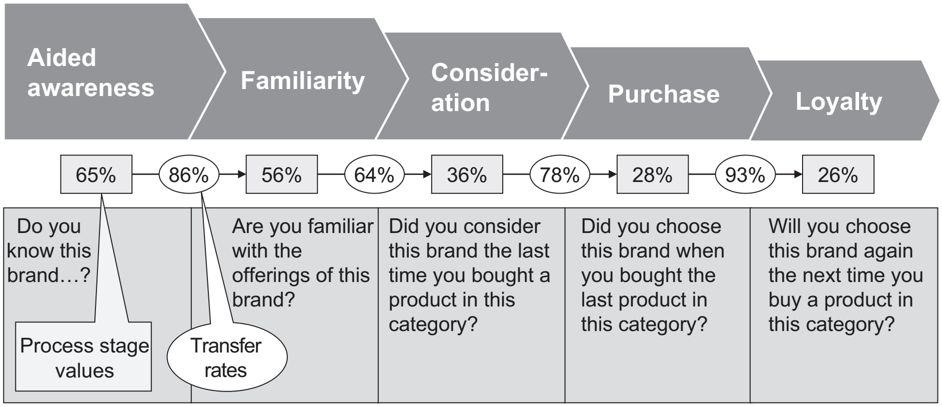

Fig. 6.7 Process stages and transfer rates of the brand purchase funnel. (Adapted from Perrey and Meyer 2011, pp. 194, 196–203)

target group reaches the next process stage (Perrey and Meyer 2011, p. 194). In the above case, for example, only 64% of the respondents consider the brand they are familiar with. This value, which is significantly lower than the other three transfer rates, makes it clear that more than a third of the people in the target group surveyed do not consider the brand, which suggests further research, e.g., individual interviews or focus groups.

In the image analysis, it is advisable to take a closer look at the external image in the relevant target group and to compare it with the self-image (identity) of the brand. With regard to the identity, the brand essence, the brand values and the brand claim used in the long term are usually examined more closely, if available. In addition, the core target group is usually examined regularly and it is checked whether the mission, vision and strategy of the brand are still up-to-date. Table 6.6 shows the central analysis parameters.

While identity and design can easily be analyzed and compared on the basis of existing documents or exemplarily on the basis of selected offerings (e.g., product, brochure or website), customer surveys are usually required to capture the image, especially with regard to the brand personality. In contrast, the performance attributes are known and current studies are usually available with regard to customer benefits, e.g., as a result of regularly conducted customer satisfaction or TQM surveys. Figure 6.8 shows the formative elements of the brand image.

In addition to the brand personality, the customer benefits and the performance attributes, it is advisable to have the brand values evaluated from the customer's point of view. In addition, brand values of competitors and potential cooperation partners as well as other relevant aspects can be used and presented as image differentials. If the industry average per characteristic can also be determined, strengths/weaknesses profiles with the mean value as the zero point per characteristic are possible. In addition, brand-independent statements can be examined that are relevant for the entire industry, e.g., whether [brand name] is a modern brand, particularly stable in value, likeable or offers comprehensive

Table 6.6 Central analysis parameters of brands

Self-image	Configuration	External image
Identity	Design	Image
Brand essence	Visual, esp.	Performance attributes
Brand values	Colours	Customer benefit
Brand claim	Shapes	Brand personality
Mission	Key visuals	Demographic
Vision	Acoustic	Characteristic
Strategy	Haptic	Awareness

Source: Kilian (2018b, p. 45)

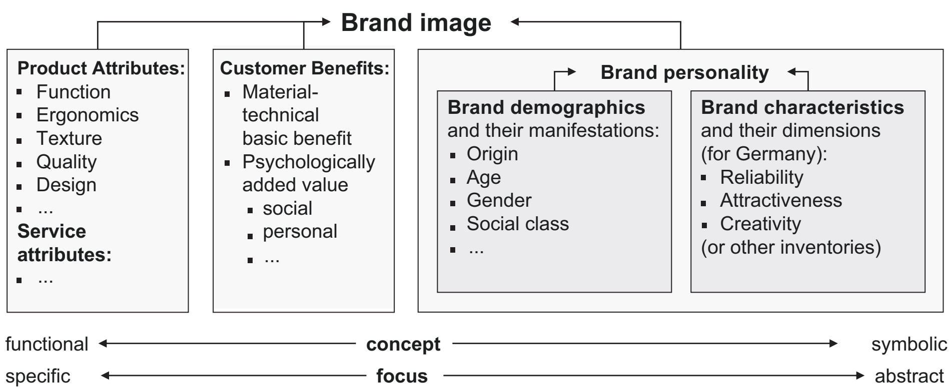

Fig. 6.8 Components of the brand image. (Adapted from Kilian 2011, p. 57)

services. In addition, general inventories, e.g., polarity profiles and semiometric profiles (value fields) for recording the image of one's own brand and of competitor brands are conceivable (Kilian 2018b, pp. 48–49).

Finally, it seems reasonable to record success parameters closely related to brand success, e.g., customer satisfaction or recommendation behaviour (Reichheld 2003, p. 53). The question of willingness to recommend (word of mouth) serves as a key indicator for loyalty and growth. It is now used by many companies (e.g., BMW, LinkedIn and Vodafone) because a single question increases the probability of responding, facilitates the evaluation and ensures that the result is available immediately. The decisive factor in the use of the aforementioned measurement instruments is to draw the right conclusions from them and to further optimise one's own market and brand presence step by step in a multisensory manner through consistent action.

Only a brand message with a strong profile that is defined to the CORE, suitable brand elements that express what is special about the brand, perfectly coordinated brand signals that present the brand uniformly across all touchpoints and make us experience the brand through as many senses as possible, as well as a periodic assessment of the brand that clarifies its own status quo in the competitive environment, makes a brand successful in the long term.

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Synthesis: Multisensory – Perception with All Senses

7

Gunnar Mau, Markus Schweizer, and Agnes Fleischer

Abstract

The multisensory experience is often described as a central opportunity for stationary retail. Better than in other channels, customers can be reached, stimulated and excited via all senses. In order to use this potential, an understanding of the mechanisms behind the experience is necessary: What do sensory impressions trigger in us? How do we comprehend and interpret these impressions? And what does this mean for strategic retail management? These questions are addressed in the first part of the book. It becomes clear that perception is always selective and constructive. It should therefore be carefully considered which sensory messages are sent out. A sales area that is too busy and unharmonious can quickly have a counterproductive effect. Retailers should rather create an optimal stage so that the intended message reaches the customer in a well-formed way.

This book raises the thesis that brick-and-mortar retail can maintain its place in the diversity of shopping options – alongside online shops, mobile shops, social media shopping, etc. – if it reflects on its strengths. One of these strengths is undoubtedly the multisensory experience, i.e., the possibility of providing shoppers with sensory impressions and experiences on many different sensory levels that they cannot otherwise experience in the

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context of shopping: seeing, tasting, feeling, smelling *and* hearing can be done in this combination neither online nor mobile, but only in the environment of a real store.

However, creating a multisensory experience and conveying special sensory impressions must **not be an end in itself**, according to the motto: a lot helps a lot. Instead, trade marketing should understand multisensory as **a form of communication** whose rules, limits and possibilities must be observed and which must be embedded in a strategic framework. The contributions in the first part of this book provide a very clear and far-reaching insight into these basics of multisensory.

7.1 What Is Multisensory?

It becomes clear that multisensory technology is neither a marketing hype nor esoteric. Instead, the term stands for nothing more than the perception of the environment by people with all their senses. This perception happens all the time and everywhere – even in the store, whether it is controlled by the retailer or not. Achim Fringes takes up the well-known Watzlawick quote for this in his chapter and clarifies the proximity of multisensory to communication by adapting it: “You can’t not be multisensory.”

In fact, we humans are constantly exploring our surroundings through all our senses. We evaluate the impressions gained in this way, relate them to one another, and in this way form our image of the environment in its entirety – and thereby help to decide whether we surrender to this environment or withdraw from it. As a rule, it is not the one sensory impression that triggers the approach or avoidance, but the overall perception. This is also the case with the impulse to buy: we are very unlikely to buy more because the shop smells of cinnamon, for example, but because the **totality of sensory impressions** in the shop conveys a pleasant atmosphere, because all perceptions together produce positive memories and because the smell of cinnamon matches these memories. In their contributions, Andrea Gröppel-Klein as well as Beat Grossenbacher and Brigitte Mäder present some very vivid examples in which this holistic effect of the entire stimulus environment of a shop on us humans becomes clear.

7.2 How Do We Process Multisensory Impressions?

This influence can also happen completely **unnoticed by our attention**, completely unconscious. In research, the interplay of unconscious sensory processing and our conscious attention has been depicted by the metaphor of a film playing in the background on the screen, while a conversation, for example, demands our full conscious attention. Only a loud bang in the movie snaps us out of the conversation and we turn our attention to the movie. This film running in the background is the sensory recording of our environment. All of our senses are constantly taking in information, processing it and continuously combining it into an overall impression. In the vast majority of cases, this impression does not demand our attention, the “bang” in the film remains absent, so to speak, and the sensory impressions remain unconscious. Usually only the tip of the impression becomes conscious in the form of a gut feeling: Here I feel comfortable or something bothers me. Although we can't "put our finger on it," **this movie playing in the background still influences our behavior:** We stay in the store. Or we prefer to leave again quickly.

Sometimes, however, the unconsciously running film of sensory impressions delivers the metaphorical "bang": for example, when a particularly strong sensory impression is perceived in the form of unpleasant smells or when different sensory impressions simply do not want to go together (the dessert that looks like chocolate ice cream tastes like strawberry). Then we turn our attention to the sensory impressions. Marketing can make targeted use of this effect, for example, to jolt customers out of their habitualized buying behavior and force them to consciously engage with their surroundings and their stimuli. However, this instrument must be used with understandable caution, because every irritation has a negative connotation.

This metaphor shows: Perception is selective and constructive. Perception is **selective** because only a fraction of the sensory impressions become conscious. It is often the personal relevance of the impressions that decides what deserves our attention and what does not. Perception is **constructive** because we constantly relate our sensory impressions to each other and to our expectations. What we have just perceived and what we have learned in previous encounters with the environment influences how we interpret the new stimulus. We construct our perception of the situation from what we know about it. Or think we know. That's why many of us find that a wine that was particularly expensive tastes either particularly good or particularly bad – depending on what we have learned about expensive wines and what our expectations are. In their article, Georg Felser and Patrick Hehn outline this form of processing perception as a top-down process, a process that is controlled by goals, motives or concepts. In contrast, bottom-up characterizes the stimulus- or data-driven process of perception. According to Felser and Hehn, bottom-up is the exception and top-down the rule.

7.3 What Is the Influence of Expectations and Relevance of Sensory Impressions?

Accordingly, **expectations** play a particularly important role in multisensory marketing. As mentioned, they are primarily fed from many sources: Thus, our memories of a certain environment or the associations stored in our memory with certain symbols determine our expectation, which then in turn influences our current sensory impression. As Karsten Kilian describes in his contribution, such symbols can also be brands. And Claudia Symmank describes in her contribution several illustrative studies in which expectations are aroused, for example, by the packaging: Thus, bright colors symbolize healthy products for many people. However, the results also show that all associations must be taken into account: The health associations aroused can in turn be accompanied by negative taste expectations. Sensory experience is subjective, and subjectivity is complex.

Expectations thus provide a context in which other sensory impressions are evaluated and interpreted. In addition to the packaging, it is also the product environment (the same muesli bar can radiate health or pleasure depending on the environment). Or the goods/shelf meter ratio (fewer products per shelf space mean more exclusivity, but also appear more expensive) or the architecture: more generous architecture triggers more positive emotions, but can also give the impression of being high-priced. Georg Felser and Patrick Hehn sum it up like this: “It’s often less about how people really function than how they think they function.”

At the same time, a failure to meet the expectation can also frustrate. Beat Grossenbacher and Brigitte Mäder give a vivid example of this: Spicy scents can stimulate feelings of hunger in a supermarket, but are disturbing in an environment of beauty and fashion, where they do not match expectations. As a result, the desire to buy can suffer noticeably. For retailers, this means actively managing expectations: Arouse desirable expectations in a targeted manner and fulfil existing expectations.

In addition to expectations, the **relevance of** sensory impressions plays a central role in their processing. Stimuli that help us in the current situation or correspond to our current needs are more likely to catch our attention and become behaviorally effective than others. Andrea Gröppel-Klein illustrates this phenomenon using the example of a customer looking for detergent: All “non-detergent stimuli” at the POS are sorted out by him as irrelevant and not consciously perceived. This also applies to special offers and secondary placements: If the offers have no relevance for the customer, they can be overlooked even if they are placed directly in our field of vision. However, research also shows that in such cases retail marketing can “explain” the relevance, i.e., explain to customers in the store how these products or this offer fits the needs and motives of the customers and which (relevant) problem it solves. Explaining in this context does not mean sprawling text or video installations at the POS, but simple symbols and images that make the relevance clear. Here, too, the contribution by Beat Grossenbacher and Brigitte Mäder provides a vivid example: Their elaborate trade fair presentation of exciting sensory phenomena was able to attract attention, but was apparently not relevant to customers’ everyday lives; it simply did not solve a problem that customers were seeing and did not pay attention to their needs. Without relevance, the communication did not become behaviourally effective.

7.4 Much Helps Much?

Shopper marketing could draw the conclusion from the previous findings to provide customers with as many experiences as possible at the same time: Better more sensory input than too little. It is important to remember that in-store and sensory environments can be overwhelming! With the amount of sensory impressions, their **complexity and novelty,** the **effort** for shoppers **increases**: especially if the sensory impressions do not form a coherent picture, the scenario has to be processed and interpreted cognitively. Because it does not match the shopper’s expectations, the effort increases – and the shopper’s activation tips into confusion and overwhelm. Many studies in very different contexts (including the publisher) show that “too much” activation tends to paralyze shoppers, inhibit buying behavior, and is perceived as unpleasant (the so-called phenomenon of "consumer confusion"). Put simply: people don't like effort, and too many stimuli that don't create a consistent picture cause effort.

It is not at all about the objective number of sensory impressions, but about their rate of information: In accordance with the metaphor with the film running in the background, all sensory impressions that fit together and form a coherent picture are combined into one impression. In this way, a holistic picture can emerge from the many sensory inputs of different smells, visual impressions, auditory stimuli, taste sensations, and haptic experiences, all paying into the same experience. Or, if they contradict each other and don't fit together from the customer's perspective, scare them away as overwhelming chaos.

Behind this is a characteristic of us humans that helps us to process the many sensory impressions of the world without losing the overview: We categorize our world on the basis of observable characteristics. For our information processing, it is then no longer the individual stimulus that is relevant, but the various categories. An order, a structure consequently reduces a possible overload, raises expectations and signals relevance or irrelevance.

Categories and structure are developed indirectly or adopted directly: indirectly through the product environment, the architecture, a multi-sensory image (exclusivity, offers, enjoyment, sport) and directly through signs or direct information such as brand symbols that convey brand values. It therefore becomes problematic, for example, when the categories or brand values offered become generic, interchangeable, as Karsten Kilian shows in his article.

7.5 Is There Also a "too little" of Information in the Stationary Retail Store?

The many sensory impressions at the POS give rise to the idea that it must always be a matter of ordering, controlling and reducing the complexity of sensory impressions for retailers. At the same time, however, there is the opposite effect: reduced sensory impressions. This is where the particular challenge arises in communicating the sensory qualities of products and services if they cannot be experienced directly (because they are packaged or because they can only be experienced as a service when they are created). Here, images, symbols and the packaging form provide support, which also influence consumer expectations with regard to the sensory perceptible product characteristics. For example, images can convey the consistency of a dish or words can anticipate the taste experience.

The great importance of this phenomenon for practice has led to it also being taken up in research. In her contribution, Claudia Symmank reports on some of these studies, which focus on feature-related and hedonic claims and shows that this can influence the expectation – and to some extent also the product experience.

7.6 What Can Multisensory Marketing Achieve?

The contributions in the first part and the previous findings show that sensory impressions rarely have a direct behavioral impact and necessarily trigger a purchase. Rather, a coherent sensory environment that creates and can fulfill expectations that are relevant to shoppers creates an environment where people feel comfortable and come back.

7.7 What Can Multisensory Marketing Take Away from This?

The first part of this book lays the groundwork, identifies universal principles, and presents a picture of shoppers who can make rational decisions but also rely on their gut feelings and are guided by their emotions. Multisensory marketing can support here by following a few simple principles:

- The sensory impressions and the offer must have relevance to the needs/motives/emotionality of the shopper.
- An indirectly or directly conveyed order/structure prevents overwhelm and can guide shopper expectations.
- The consideration of design rules and learned symbols of the shoppers enables a trouble-free communication.
- Systematic expectation management reduces disappointment and frustration on the part of shoppers.

In the end, there is one central insight, which Andrea Gröppel-Klein summarizes in her contribution:

> *It is not the objective offer that determines consumer behaviour, but the subjectively perceived offer.* (cf. Gröppel-Klein, Chap. 3)

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Dr. Markus Schweizer studied business administration at the University of St. Gallen, specializing in strategy and organization. He then completed his doctorate – also in St. Gallen – at the Institute of Marketing and Retailing (Gottlieb Duttweiler Chair for International Retail Management) on the phenomenon of "consumer confusion" in retail. Markus Schweizer held leading positions at tegut … gute Lebensmittel and Migros in Switzerland from 2006 to 2016. Since 2016, he has been managing director of Holistic Consulting GmbH in Hanover, a boutique consultancy for customer-centric thinking and action. He also teaches retail management at Leibniz-FH in Hanover and is the author of several specialist books and articles on the successful transformation of retail.

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Part II

Phygital: Moving Into a New Age of the Senses. Understanding and Shaping the Future (Seamlessly)

In times when smart kitchens and smart wardrobes may soon communicate directly with suppliers and manufacturers, when digital voice assistants let us create a shopping list in passing that the assistant completes independently, and when social media merges with shopping: is brick-and-mortar retail still needed? Isn't a place where you first have to go to pick out the products yourself and then have to bring them home a relic of the old days? Why should customers still shop in brick-and-mortar stores at all? And what about the digital natives, who have long been used to shaping many areas of their lives digitally?

As provocative as these questions may be, they are pressing in times when online retail is growing, innovations are primarily digitally driven and our lives are increasingly determined by algorithms and apps. The following articles are intended to answer the questions of what place stationary retail has in today's world and what strengths it can build on. At the same time, however, the question arises as to how retail can adapt to changing values, changing lifestyles and technological developments – true to the bon mot: "Retail is change." So what has to change in stationary retail in order to play to its original strengths?

After all, it's not a question of *either* digitization *or* stationary trade. Both can and must cross-fertilize. So how can brick-and-mortar retail take up the tools and opportunities of technological development and use them to make its (multisensory) offering interesting and useful for shoppers?

The contributions in this part take up these questions. Based on conceptual considerations, practical experiences and best cases, they paint a picture of how retail can remain relevant in people's lives, update its services and play to its strengths. Taken as a whole, they answer one question above all: Why will there still be a strong stationary trade in the future?!

Retail in Times of New Work: Thoughts on the Renaissance of Stationary Trade

8

Martin Kiel and Markus Schweizer

Abstract

In order to offer customers a feel-good atmosphere in stationary retail, this must be wanted with all its consequences so that it can be authentically felt by the customer. Martin Kiel therefore pleads for retail to return to synchronous communication. People need people, otherwise they might as well be served by robots. At the same time, employees as people have needs that must also be taken into account in the age of New Work. For this to succeed, work processes must also be thoroughly rethought and, if necessary, adapted.

8.1 Synchronous Communication as the Key to Success

M. Schweizer: In your opinion, why should customers still shop in stores at all?

M. Kiel: Two things come to mind: local roots and synchronous communication. If you look at the need for locality historically, it's quite amazing how this has changed continuously: from regional products to global products and now back to regionality again. Today we call this "support your locals." This is becoming more and more important, especially in the food sector. What is striking here is that the narrative is always told in the same way

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and no one really questions it. But I believe that the main argument for visiting a brick-and-mortar store – and this is given far too little credit in the context of digitalization – is synchronous communication.

What do you mean by synchronous communication?

That's what we're doing here right now. I'm communicating with you, not a chatbot. There's nothing between us. I order something from the chatbot and receive an order confirmation. Synchronous communication, communication with humans, has a completely different quality. And when I look at our projects, no matter how we changed a store: People have always made the difference.

We are experiencing a shift in synchronous communication today. Historically, in the synchronous communication act, the expertise was on the sales floor. Today, that is being pushed back by digital support. And that leads to the fact that the synchronous communication that still exists is becoming less and less. But I cannot say today whether this is good or bad. There are also positive examples; for example, when you can provide the customer with competent information about shelf availability.

If retailers succeed in understanding that people make the difference, then that is the reason why there will still be retail stores in the future. There will also be other concepts, for example showrooms. But there, communication is secondary, it's all about the look and feel. But the main component of a retail store is the human-centered aspect.

So could you say that the retail store is a meeting space?

I still stick to the first thesis of the Cluetrain Manifesto (Levine et al. 2000) "Markets are conversations" and would add "synchronous conversations" to it. Otherwise, one can do it the way it used to be done in the Netherlands, where hotdogs were offered in vending machines. In this context, I would like to take up a lance for the employees on the sales floor. Given that a shift with human communication can last 8 h, we should consider what that means for the employees. That's not being talked about. Should they work like robots? Digitization and optimization are the topics that are mainly talked about. But our employees are people who have needs. Should we not provide them with these? Should only "knowledge workers" be allowed to do New Work and not the others?

As far as I know, there are still hardly any approaches to this that one could fall back on.

Well, yeah. We talk about costs, shop fitting and the fact that we can't find employees. But you could also ask why that is the case. Others are making investments to play in the New Work context. What might that look like for a retail store? Edeka or Rewe as a coworking space – why not? So we would be back to the market and the conversations. And that's also how the store is changing. In retail, this credo is always praised. So how can I learn from other spheres of working?

However, this comes with some challenges.

Of course. I'm thinking of a mobile phone ban, for example. If a customer comes into the store and the employee is looking at a smartphone, then the customer thinks that he has not been noticed. That then falls back under synchronous communication. This kind of business is poorly managed, private and business interests are mixed up too much. The old image of the customer as king, to whom attention must be paid, should be reinstated. New

Work must also be handled properly in the shop. It must be clear whether the employee is in the attention zone or in the goods zone. This has not been solved today. Many employees, especially in the convenience sector, have their smartphone right next to the cash register and use WhatsApp. I assume that there can only be a finite number of synchronous and also asynchronous communication acts per day. When that number is used up, then of course there is little left for the customer. So if I've already sent 300 WhatsApp messages and 20 voice messages today, then I don't want to talk to another customer. That's a dilemma then. So where does my power go, which is finite?

If you look at the development in retail, is digitalization promoting synchronous communication or is it going in a completely different direction?

To do this, I must again take a step back to the topic of "tool or weapon?." As a retailer, I need to communicate using different tools. For example, customers can send emails or become part of a WhatsApp group. But making digitalization the core element of a business model is difficult. Many companies are trying to copy business models, what and how is Amazon or Apple doing right now. A chain retailer with 150 or 200 stores has a fundamentally different revenue stream. Even if digitization is taken for granted, such retailers first have to see whether digitization is financially feasible for them. You first have to be able to afford it.

Of course, this leads to companies using digitization in a rather spartan way. Hardly any company is pursuing an expansive digitalization course. I've been asking myself for years why the online shop doesn't take over many of the tasks of the store merchandise management. This leads to complete chaos in synchronous communication. There are always process breaks that can be thought of in the direction of the customer, but cannot be explained and thus remain a black box. Exceptions prove the rule, of course. After all, I can't train that either. You can't keep up with the speed at which processes change.

In this situation, it would help if the company formulated a clear value proposition for itself – internally as well as externally – to provide thought leadership.

Exactly. But for many businesses, this leads to the persona dilemma. Many retailers paint their customers in the way that best suits their business model. They sketch the world as they like it – not as it really is. So if I tell a story, for example that my store invites people to stay (which is a terrible platitude to avoid anyway), then that's a proposition that everyone will tell on first. But that's a trick, since it's a story, like in a novel. In the store, I then ultimately want to have a conversion. So it's more important to think about what problems might arise after you enter the store. In the end, retail is about merchandise. Is the item I need available? That's where it's all about inventory. That's when the magic of selling begins, and that's where I, as a customer, expect helpful additional sales so I don't have a debacle at home with my baking dish. It's about offering me a recipe book, a baking spoon, or anything else appropriate. But in many cases, not even that works.

What character does the storytelling have to have?

If the paradigm is that I need a brand narrative but it doesn't exist and I do it anyway, then of course it can backfire. There's a certain style these days, even in store design, that carries over into branding. Because of that, a lot of brands today look the same. So there are no longer any unique selling points, both on the aesthetic level and on the communicative level. Everything kind of looks the same. This is a kind of Big Style or homogenization for which there is hardly any escape. A recognition effect is unfortunately often missing. Everyone thinks they are telling something exciting and impressive. Yet they are all just telling the same story: that they are telling it authentically, using wood and so on.

And then the trend is also moving in the direction of pop-up stores. That brings us to the future of the store, which is definitely “pop-up,” as it would no longer be financially viable otherwise. So layout cycles are also getting shorter and shorter. If I used to be able to wait 10 years until the next conversion, today I sometimes have to convert within a month. Of course, digitalization and flexibilization help here, and you need inexpensive materials that are available in large quantities.

Why did it come to this?

I think it’s insecurity. If someone is seemingly successful with something, then there is a culture from that that is lived successfully for 10 or 15 years. So there’s more of a transfer that takes place. I’m rather against something like that, because it partly obscures my view of myself. Dealing with the material that is really my own is much more purposeful. My example in this context is always McDonald’s: In the beginning it didn’t matter how it looked there, the focus was on the burgers. Today, aesthetics play a bigger role; the food is almost secondary. It’s all about trends in colors and materials.

8.2 The Feel-Good Atmosphere Must Be Intentional

Is the focus on well-being in the market just a temporary issue that will soon subside?

The word “feel good” has to be defined precisely for the individual market and the individual business. I do believe that it is important. But in many cases it is simply said that way. An example of this, it concerns the temperature in the stores: Either the temperature is set that the employees like, or one is oriented towards the customers or the temperatures of the goods. And that’s exactly what leads to the fact that I can never feel comfortable in the store. People with down jackets, for example, want to get out of a store as quickly as possible because they have nowhere to leave their jacket. “Feeling comfortable” using temperature as an example is definitely a big dilemma – at least as long as you have employees. If robots are out, then of course it doesn’t matter, then I can be customer-focused. But as long as there are employees, I have a problem. And of course I don’t want to have robots.

Then I can only fail as a retailer, right?

Yes, we also see this on market stalls, where the sellers wear warm clothes. That’s why the question of feeling good marks something that hasn’t been solved yet. And of course, one should feel comfortable – anything else would be bad.

These statements like “X/Y/Z invites you to stay” are forbidden at my university, for example. It’s like the local press, it’s terrible. What’s that supposed to mean? When retailers present their concepts at conferences and propose, for example, a lounging area for men while their wives shop, this is also sold as a feel-good atmosphere. In reality, however, no one can be found in such zones.

So how do I proceed as a retailer if I want to create an authentic feel-good atmosphere?

We tested this once and went about it in a completely unorthodox way, which for us means completely without a shop fitting context. I go in with an assumption, but validate it immediately. It's important to test immediately and get feedback. Ultimately, this is an agile method to be able to make adjustments immediately. Every single module needs to be tagged with the KPIs I expect so I can see if I can make them happen. For example: How many people sit in the men's corner? Or is it not needed at all? This is done far too rarely. This is where Google's Design Sprint approach helps. Within a week, a solution for a problem is created on site. You have to be there, measure, analyse and constantly adapt. After all, that's how it used to work. I advocate these design sprints at the microservice level. You should really look at all services. And feel-good shouldn't just be measured by conversion rates, but also by the service itself. And if the foosball table then just stands around, for example, then there is no need for it. But if it is instead a beautiful decoration and creates atmosphere, it fulfills a purpose.

If I understand you correctly, then as a retailer I would have to consciously walk through my market and continuously evaluate what effect individual elements have on me as a person or on my customers.

Exactly. And if I just want the customer to buy anyway, and I don't care if they feel comfortable, then that's fine too. But you have to be honest with yourself and ask yourself what comfortable means for your situation. Normally, as a dealer, I want the customer to feel comfortable so that he doesn't leave again quickly. And so, as a retailer, I have to check whether the store is perhaps too bright, too loud or too cold. The new Thalia stores, for example, do a very good job of creating a feel-good atmosphere. Café areas have been well integrated there. Reading is very naturally associated with a coffee or a tea. It's definitely a lingering experience then. But if I'm selling fast moving consumer goods, it's going to be difficult with the coffee corner. And if my only concern as a retailer is to increase dwell time and sales, then I have to say so. And then it's no longer about lingering or feeling good, but rather about attracting attention.

However, the evaluation of the perception and the feel-good atmosphere can vary depending on the customer group.

Exactly. At university, a group of students once investigated what this perception is like from the point of view of digital natives. It was about a big store like Karstadt Kaufhof. Customers were simply asked to look around and tell us what they perceive and see. A goods-oriented store manager only sees the goods, and that's what he has to do. The digital natives, however, have asked themselves completely different questions, such as how long you stand on the escalator and what you do during that time. Or why the entire store doesn't have an escalator. The escalator in that sense doesn't even appear online. They also once measured how often people touch a sweater. The numbers were incredible. Some sweaters were touched 120 times. These are KPIs that actually come from the online world, but were transferred to the stationary sector. That's very interesting, and it raises a lot of questions that need answers in order to strengthen customer orientation.

So first you have to ask yourself what is meant by customer orientation, how it is defined and whether it is honest at all. There is a marketing-oriented version and a version in which the customer himself is an expert. The assumption here is that the customer himself walks through the store with an expert eye and evaluates many things – for example layout or testimonials. If you then talk about customer centricity in this context, I think that's still a false paradigm today. But in the context of Instagram, Facebook and so on, we have reached another level. You don't do yourself any favors today with a customer-centricity like you did 20 years ago with the emerging CRM systems. It's more like a partnership. The problem is also that you almost always think in terms of targets. You have to create a partnership and put the customer at the center of all your efforts.

If I, as a retailer, place the emphasis on additional turnover or additional profit, e.g., if I place the emphasis on high-margin products, am I leaving the partnership?

And that brings us back to the categorical imperative. What I don't want to do to myself, don't do to anyone else. It's really that simple. In the past, many things were more like partnerships. Today, that doesn't happen for two reasons: first, it's not desirable, and second, it's not transparent. If the salesperson tells you that the thin running shoes are much better, when all he wanted to do was get rid of them, this is not customer-oriented. Instead of telling me which shoes are still on sale and then giving me a good price, they lie. I find that a shame and there we are again on the subject of eye level.

A friend of mine is a surgeon. He likes to turn the subject around by saying that he thinks it's good when patients come to him informed, because that way you talk at eye level. Most doctors find that rather silly, as patients are supposed to already know more than you do. So, just as he does in medicine, it would be worth considering doing the same thing in retail. Then the customer almost becomes an expert. But that requires a completely different language and communication training. This brings us back to New Work and post-heroic management and salesmanship. And those who already give themselves other KPIs have to discuss them in a completely different way anyway. I find that quite exciting. When I change the circle of numbers and KPIs, it goes hand in hand with the language. Just changing the language doesn't help, because the systems in the background still remain. I then talk about more appreciative systems. So a different language means different KPI systems, which requires different and more appreciative measurement KPIs on the surface.

Is this kind of thinking even possible in management-led companies, or does it require entrepreneurs with clear values?

Four or five years ago, I would have signed up to the idea that only value-driven people could do this. At the moment, however, this is changing somewhat, because economic considerations are gradually being turned into other considerations. I also experience this at university. There is a lot of positive feedback on topics such as public welfare orientation. New Work is also a topic there. If you think radically, you give your employees time to think about what they want. This also relates to KPIs, merchandise and honest store design. This leads to a sustainable store design concept and a corresponding language. This must then be thought through completely – from space to employees to merchandise to design to layout.

How can I integrate this mindset into the store design process?

The simplest paradigm would be to question the classic division of labor. So he takes care of the store construction, he does the rent, he does HR. That leads to a situation where you're no longer close to things. An investigative aesthetic also means taking things in hand again. Many people find it difficult to see what they are doing because they are so stuck in their conventional patterns. But many find it difficult to look at the situation from a different perspective, for example from the point of view of an artist. In our workshops, we try to put on a different pair of glasses for the participants. That sounds relatively terse now, but it is quite difficult. This is coupled with the Google Sprint. There, it's also about taking things into your own hands again. Otherwise, the most succinct or simplest thing always wins. That often leads to this mainstream aesthetic. I should always look where it really hurts. And in order to do something different for once, I have to look somewhere completely different, not just in the sense of a trend scout. And that's how it is – pop cultural principles have more influence on companies than probably ever before.

The marketing manager has his specialists for everything: the lighting expert, the layouter, the site manager, etc. Networking this expertise so that a total work of art can be created is a challenge.

It's like this. That is the old paradigm of the construction lodge, of which there is a super vision, but it ultimately fails in the implementation. That's a shame. Also, my experience is that teams need a lot of multi-talented people, because otherwise there's only one transfer. And for that you need three or four people who can go as deep as possible – from text to design – and who ideally can also operate a circular saw. I mean that in a really haptic way, too. Post-it walls don't always deliver. You should have the courage to test prototyping, to push the classical boundaries and look beyond individual faculties. The environmental context also needs this friction in order to arrive at meaningful solutions. Otherwise, it comes back to old solutions and old communication. But of course that means a bit more effort.

So we'd have to go back to a universal genius who can think across disciplines?

We need highly motivated, collaborative teams that have a start-up mentality. This can only be done as a team; no polymath can do it alone. But these teams, which can learn from each other, are the foundation. Then, of course, there are also many failures, this can also become a big money-destroying machine. I have to be aware of that.

To condense our conversation at the end: What do you think are the four most important success factors that a stationary retailer should take to heart?

I believe I must first be honest with myself in evaluating the extrinsic factors. If the resources are only related to the tools and not the capital side, then I can only fail. If one has unlimited capital resources and someone else doesn't, but they want the same product and compare themselves to it, then of course it's a guide to failure.

Derived from that, there's a second recipe, already addressed in an old proverb: "Whom I cannot conquer, I must embrace." That's about creating collaborations. So if I can't beat Amazon, I should at least think about using those technologies for a period of time. So I should definitely learn from others, but never copy. So the nasty word "authenticity" is something I should value differently. Authenticity that I can buy at Depot or at the hardware store in the sense of painted-on wooden furniture is definitely not it. The table should be straight from my grandfather and not just authentic looking like this was from my grandfather. That's the difference.

Thirdly, in the context of scaling, I think I have to look at not being existentially threatened by the cost of renewal and renovation in ever shorter cycles. Today, customers are better educated aesthetically and can immediately see when a store is past its prime. Today, you need materials in the store that age with dignity. But of course I have to be able to afford that.

Finally, retailers should try to attract people specifically for their store. They should also look for such people in places where they don't expect them to be, and who may bring a different approach to work with them – keyword New Work. In this way, work can be completely re-evaluated, no matter in which area. In this context, the topic of New Work not only requires changes on the part of the employees, but also in communication with the customer. This should not be the focus of forced breathing; certain value standards are needed.

These are the four factors that create a different aesthetic as a result. But that also requires other processes, so that you manage to differentiate yourself. A colleague of mine used to talk about being compatibly different. I find that quite beautiful. Compatibility first of all ensures that I dock onto the communication so that I don't have to say at the end that I don't understand anything. That sounds general, but if you cultivate these four fields, you will be able to reap the rewards.

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Dr. Martin Kiel is the academic director of the think tank the black frame. Following the postmodern paradigm of Leslie A. Fiedler's "Cross the Border – Close the Gap," Martin Kiel strives for productive interplay and bridge-building from economic to scientific contexts, from conditional to unconditional space. Thus, he worked in various management roles (marketing Thalia, management Douglas, management codecentric AG) and areas, most of which faced digitalization or had transformations in processes and organizations as a task. In the summer of 2019, he dedicated himself again as a Visiting Professor to expanding boundaries in the footsteps of Aby Warburg at the German Summer School in Taos, New Mexico. He has taught communication theory and verbal communication at the Berlin University of the Arts since 2015. His research focuses on strategy development in cultural studies and digital transformation.

Dr. Markus Schweizer studied business administration at the University of St. Gallen, specializing in strategy and organization. He then completed his doctorate – also in St. Gallen – at the Institute of Marketing and Retailing (Gottlieb Duttweiler Chair for International Retail Management) on the phenomenon of "consumer confusion" in retail. Markus Schweizer held leading positions at tegut … gute Lebensmittel and Migros in Switzerland from 2006 to 2016. Since 2016, he has been managing director of Holistic Consulting GmbH in Hanover, a boutique consultancy for customer-centric thinking and action. He also teaches retail management at Leibniz-FH in Hanover and is the author of several specialist books and articles on the successful transformation of retail.

9 Selling Comes from Understanding: Retail Is Always the Encounter of People

Bert Martin Ohnemüller

Abstract

Well-being as a success factor for Retail? The true success driver of the future is the ROK, the “Return on Kindness.” This article shows why it is so important for a positive shopping experience that not only customers but also employees feel good in a stationary store; emotions are an universal language and they are very contagious – the negative as well as the positive ones. If you avoid negative emotions and instead welcome your customers into your store with a good mood, it pays off. Why this is so and what processes are going on in our body, you can read here.

9.1 What Is Neuromerchandising®?

The times have never been as promising for Retail as they are today! When I founded the neuromerchandising® group together with my partner, Achim Fringes, in 2010, the topic of neuromarketing was already on everyone’s lips, but no one had a clear idea of how to apply the findings from brain research to reality at the point of sale (POS). neuromerchandising® is, so to speak, neuromarketing in practical application: “Neuro” means understanding people: How does reality get into our heads? Why do we behave the way we do? What consequences does this have for the salesroom? “Merchandising”, on the other hand, means understanding the POS.

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The principles of neuromerchandising® are partly amazingly simple and for the successful retailer merely classical daily business. From my point of view, it is therefore hard to understand why so much “sound commercial sense” has fallen by the wayside in recent years. Could it be that we have distanced ourselves too much from the actual idea of retail and have only been running our businesses with Excel spreadsheets?!

In the following I will present some thoughts and suggestions on how principles of neuromerchandising® can be easily applied and implemented in a playful way. In the context of this, I will show why the opportunities for retail are so promising right now.

9.1.1 From Point of Sale to Point of Success

The first “moment of truth” takes place at the POS. At this very point, it’s all about: purchase or non-purchase. The first moment of truth is the most important moment in the entire marketing mix. If we fail here, all upstream and downstream marketing investments are ineffective. Marketing success always requires POS success, and this is therefore where untapped opportunities and potential lie.

In order to actively develop these potentials, the expertise and understanding of the entire value chain is needed. Who are the relevant target groups along this value chain and what are the goals for these target groups? From the point of view of a brand manufacturer, these would be the company’s own sales force, the decision-makers in retail, the POS and the respective end customers. It is essential to think from the perspective of the end customer, but to plan and act in a process-oriented manner along the entire value chain (Ohnemüller and Winterling 2004).

9.1.2 Where I Feel Good, I Stay Longer: Where I Stay Longer, I Buy More

This is precisely why neuromerchandising® first deals with the central question: How do you create an atmosphere at the POS that makes customers feel good? Feel-good in this context means the positive overall perception of the store and the triggering of corresponding positive feelings and emotions. Because these are the prerequisites for a good buying experience, a return visit and a possible recommendation.

We humans always experience our environment with all our senses. For the POS this requires the staging of a multi-sensory experience. Neuromerchandising® distinguishes the POS into the two dimensions “space” and “people in space.” I will deal with both levels accordingly in the following and show their relevance for long-term success.

9.2 Everything That Is Not Emotional Is Worthless for the Brain!

Everything that is not emotional is worthless for the brain. Is this true, or do people only act rationally? And what was that again with the so called homo economicus? To better understand perception and human beings, I would like to invite you into the world of brain research and the world of evolutionary biology. Let's take a brief but very important look at the current findings of these sciences.

Modern brain research tells us that we humans are not thinking systems, but much more feeling systems that can also think something. Thinking is clearly overestimated and feeling clearly underestimated. Emotions are the energies that move us, emotions are the true motivations for our behavior. Antonio Damasio, one of the most popular brain researchers of our time, says that emotions are the engine of our rational decisions. Our emotional autopilot is always on and it operates significantly with two basic programs:

1. Recognition of perceived danger triggers negative emotions.
2. Recognition of perceived opportunity (food, potential sexual partners, social group, belonging) triggers positive emotions.

In relation to the sales floor, possible triggers of negative emotions would be, for example, dirt, clutter, bad smells, noise and, in the worst case, negative interpersonal interactions such as being unfriendly, dismissive or disrespectful of oneself.

In contrast, a positive emotion always arises when one's own expectations are exceeded. In this context, I would like to point out a small enthusiasm formula with a big effect:

$$\mathbf{B} = \mathbf{E} + \mathbf{X}\left(\text{Enthusiasm} = \text{Expectation} + \text{Extra}\right)$$

Do you know the expectations of your customers? Do you know what your customers think and feel in your business? If you can answer "yes" to these questions: very good! Then just think about how you can exceed that expectation. This is all about the little things that make a big difference. Using the words "thank you" and "please" would be a good start. By the way, do you know everyone's favorite word? Their own name! Always use this knowledge proactively.

9.3 Every Purchase Is Always a Decision and Every Decision Is Always Based on Emotion

The realities that I still perceive far too often can also be described as large, emotional gaps. We are offered excellent products and emotionally advertising campaigns, but at the POS, horror often still reigns. Take a close look the next time you go shopping and see if you perceive these emotional as well. In my opinion, many retail concepts have failed precisely because this perhaps somewhat simple truth was simply ignored or simply forgotten. I'm thinking of "grandiose" campaigns like "20% off everything except pet food."

Unfortunately, the reality reads like this: "20% on everything, except for the future." In retail and especially in the decision-making bodies, there is still too much cerebral and abstract thinking and acting. Brain research teaches us the exact opposite: precisely that abstract information can be deadly for business. They move little or nothing.

In this context, I would like to refer to the research findings of the Nobel Prize winner Daniel Kahnemann, who introduces us to the principles of perception and information processing with his scientific concept of fast and slow thinking (Kahnemann 2012). Kahnemann describes fast thinking (for example, recognizing faces and the emotional state associated with them) as our "unconscious" or "emotional thinking." We see something and almost simultaneously receive a multitude of information modules. We decode or understand a lot of messages very quickly. This is our emotional perception system, an essential part of our evolutionary heritage. In contrast, slow thinking addresses the "thinking" mind. As an example, consider this little math problem: 27 × 14. Notice anything? It is rather difficult to answer correctly here spontaneously. Suddenly everything becomes complicated and, above all, very slow. "Abstract kills" is what American researchers call this. Most parts of our brain can't deal with numbers and words, and we have to laboriously decode the messages.

A picture is worth a thousand words, as the saying goes. And he is right about that. Customers' brains think in pictures and stories. What images and stories are created there when they think of your POS? My recommendation for brand, retail and POS: Get out of your head and into your heart! Use images instead of text graveyards for your POS communication. In various sales measurements, we have proven up to 28% more sales through the use of emotional imagery.

And now, once again, hand on heart: What is the most important prerequisite for a positive, emotional shopping experience? What contributes most to feeling good? I always maintain that it is the interpersonal interaction, the encounter from person to person. From this point of view, commerce is the oldest trade in the world! People have always traded, bartered and interacted. Did you know that probably the oldest piece of jewelry, a necklace made of snail shells, is about 80,000 years old? Who do you think sold it to whom or traded it with whom? Sociality and cooperation with and among each other is what distinguishes Homo Sapiens from other hominids.

9.4 Fear Eats Up Souls

Did you know that stress and anxiety are the biggest value destroyers? When we experience stress and anxiety, our emotional autopilot causes a small series of neurotransmitters to become active: Norepinephrine, epinephrine, and cortisol, which is better known as the "stress hormone." This has served us very well in our evolutionary development. Without this "survival program" we all wouldn't be here, we probably would have been eaten by the famous saber-toothed tiger. Cortisol ensures that our system can only focus on three programs: Shock Freeze, Flight or Attack.

Do you remember the last time you were really scared or frightened? What happened then, how did your perception change? Unfortunately, cortisol has a whole host of negative side effects that prove to be very detrimental to our business: We can no longer be empathetic, because now it's all about "naked" personal survival. We can no longer be kind and we can no longer think. Cortisol cuts off the connection to our thinking mind, the prefrontal cortex. Intellectual engagement with the threat was and is obviously not intended for our species.

What does this mean for the POS and the business? Make sure that you and your employees are in good biochemical shape! This also makes a lot of sense from a business perspective, as unhappy employees cause an average of 15 more sick days than happy employees. Not to mention the missed opportunities to build a good, long-term relationship with your customers. Meaning, trust and belonging are the three essentials for long-term and "healthy" employee retention. People's potential is unleashed by recognizing and nurturing each individual's strengths. Possible weaknesses are compensated for by the group. So if we take care of our employees in an honest and appreciative way, they can give their full attention to our customers. Happy employees make happy customers and they make happy bosses. No one should miss out on this opportunity.

9.5 Where the Mood Is Right, So Is Business

No one feels comfortable in a business where the employees do not feel comfortable. Again, it is the emotions that are responsible for this. Emotions are a universal language and they are very contagious, the negative ones as well as the positive ones. Avoid negative emotions and inspire your customers by putting them in a good mood in your store. This will pay off!

From an economic point of view, the most valuable customers are those who come back. The "Customer Lifetime Value" should be mentioned here. So what is the value of your customer who remains loyal to you for a lifetime? Do the math yourself: For a weekly purchase of €50, that's around €80,000 in 30 years! This means that should you lose such a customer, you will be missing out on a small fortune. Therefore I recommend to you: Guard your loyal customers like a great treasure. It is not bad not to win a potential new customer, but it is fatal to lose an existing customer! I'm sure you'll agree with me from now on at the latest.

9.6 The Biology of Loyalty

Don't we all want loyalty and fidelity? From our partners, from our employees, from our superiors and from our customers? Did you know that loyalty is a biological phenomenon? It is our evolutionary inheritance, so to speak. For our ancestors, belonging to a group was something like life insurance today, only with much more drastic consequences. Survival as an individual without a group was very difficult. Survival requires community, social closeness and affection. People need other people, even if some contemporaries in the age of digitalization and artificial intelligence may see it differently. Belonging or sociality is therefore one of the most important and strongest evolutionary filters of our species. And by the way: true happiness and joy only come about together with other people. People need people to grow beyond themselves.

The best news is that "belonging" is rewarded by our bodies, with the release of serotonin. This is a happiness hormone that has wonderful side effects: It decreases anxiety, makes you less aggressive, reduces grief and the tendency to depression. It makes you feel content, safe and belonging. Serotonin is the "response to positive, satisfying interaction with our fellow human beings," as Dr. Theodor Dierk Petzold, one of the leading experts in the field of salutogenesis, puts it (Petzold 2010). In other words, affiliation can be described as a neurophysiological phenomenon with significant relevance to personal perception.

Just analyze the really extraordinarily successful companies and brands. Do they really sell products or do they use exactly this exciting evolutionary filter? I claim that these brands and companies create exactly this great feeling for the customer to belong. I'm thinking here, for example, of companies like Apple, Weber Grill, Nespresso, Tesla and many others. Have you ever wondered how a computer manufacturer managed to become the most successful retailer in the world (in terms of sales per square foot)? Next time you visit an Apple store, just observe the POS experience and employee and customer interaction.

9.7 From Return on Investment (ROI) to Return on Kindness (ROK)

30% more turnover without investment, how does that sound? How do you do that? Quite simply: through kindness. The true success driver of the future is the "Return on Kindness." Here, too, an evolutionary principle comes into play: people would rather look at a friendly face than an unfriendly one. Think of our emotional autopilot: First priority must be to avoid negative emotions. The sad reality, which I unfortunately experience all too often at the POS, is the exact opposite. Stress and anxiety run rampant. And let's remember: people perceive the emotional state of other people. The so-called mirror neurons, which make us an empathic species, are responsible for this. I can feel what you feel!

The future therefore belongs to the ROK! Brain researchers confirm this with the statement "fun makes the brain run." It is also worth taking a look at the world of positive psychology. This confirms that the inner mood has a significant influence on the external reality. My formula is accordingly: joy → truth → success. Where joy is for each individual, there is his/her truth and behind the truth lies success (Ohnemüller 2019).

9.8 Welcome to the Decade of Humanity!

Business is always about people and the quality of your business is particularly dependent on the quality of your relationships. The three most important elements for a good and resilient relationship between the company and its employees are trust, social affiliation and meaning. Only those who create meaning are allowed to demand performance. This means that what is most desired for oneself must be given away. When appreciation is desired, appreciation must be given. If more kindness is expected, kindness itself must be given. In order to do that, everyone must become the change he/she wants to see in the world. I promise that it will be worth it and everything you give away will come back to you.

The seven principles of success at a glance:

- retail is always the encounter of people.
- POS success is always process success.
- results needs experience.
- Without emotions, everything is worthless.
- Value creation needs appreciation.
- When the mood is right, so is business.
- Work makes you fun or sick.
- Success is always a consequence.
- I wish you much and above all lasting success!

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Stationary Retail from the Perspective of Digital Natives

10

Philipp Riederle and Markus Schweizer

Abstract

Digital natives have little fear of the online world. They are gladly and often served by the popular online providers such as Amazon and Netflix at home and would actually hardly have to leave their homes for everyday errands. And yet: the door to stationary retail is not closed per se. It's just that there doesn't seem to be a compelling reason to go offline. It is time for stationary retailers to return to their original strengths and engage with younger customers. Philipp Riederle, himself a digital native, explains in an interview exactly how this can be done.

10.1 The Concept of Generations

M. Schweizer: To start with, can you briefly explain what you mean by the construct of generation?

P. Riederle: We only use generations and the concept of generation as a tool to describe trends and tendencies in social development. It is not the case that someone born on 31 December 1994 is fundamentally different from someone born on 1 January 1995. Year

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classifications are never separable, nor are all members of a generation exactly the same. A digital native born in 1999 or 2000 may be more analogue than someone born earlier. Generations describe tendencies, but never provide clear and conclusive explanations for every individual in the age group. Moreover, it has always been the case that societies also divide themselves further within a generation, into so-called milieus. Depending on the socio-economic conditions or cultural environment in which someone grows up, he or she belongs to a different milieu and behaves accordingly. For example, there are people who prefer to spend their entire lives in a Swiss mountain village and others who change jobs every 6 months and travel all over the world. These milieus still exist. In summary, we can say that generations describe major social trends that apply to the different milieus to varying degrees.

And what distinguishes the young generation, the digital natives, in your eyes? What is special about this generation?

I like to summarize the generations Y and Z as digital generations. Because there are differences, but they are not decisive in a first step. Depending on the literature, the individual generations also start a little earlier or later. In my view, the digital generations are subject to three major areas of change: First, the digital transformation, which is not a transformation at all for these generations, but has simply always been there for them. We are the first digital generation, which makes us substantially different from the analog generation. We never knew the world any other way. Secondly, we have grown up in a time of demographic change. At present, for example, fewer than half as many children are born in Germany as in 1960. And thirdly, we are growing up with a change in values. This is not unusual for younger generations, but the change in values in our country has curious facets that one would not associate with our generation in this way. The common image of the digital generation is that it is superficial and only conducts relationships via the smartphone. But youth studies show that values like personal connection and home are more important to the current generation than to any other generation since records began.

What do you think is the cause of this?

Many people have the image in their mind's eye that we are a superficial smartphone generation that only has swipe relationships anyway. Or that after the Fridays for Future demo we'll fly to New York for the weekend to go shopping. But how does that fit together? The answer is because we've always been able to go anywhere to do anything, and because we've always had the ability to connect with people all over the world. That's precisely why we crave a certain constant in life that we can rely on and where we can always come back to. That's why home is important to us. Plus, studies show that 75% of my peers want to raise their children the same way they were raised. Rebellion or rebellion doesn't seem to matter to us anymore. We drink less alcohol, use less drugs, and smoke less on average than our parents. We are, in a sense, a buffer generation.

10.2 The Digital Generation in Working Life

In Switzerland, digital natives will take over the majority in terms of numbers in 2020, and this will also happen soon in Germany. What impact will this have on society in general and working life in particular?

The effects on working life are manifold. In Germany, we currently have about one million unfilled positions and about 60,000 training positions that remained unfilled at the last start of training. This situation is becoming even worse because the baby boomers with the highest birth rates will be retiring in the next 3–5 years. In addition, the shortage of skilled workers has been exacerbated by the hiring freezes that have been in place in many companies and industries since the 2000s. Companies now have a large proportion of employees who are already older and will retire in the next 5–10 years. At the same time, they are not finding enough skilled workers in the labor market. I have clients where two-thirds of the entire workforce will retire in the next 3–5 years. This means that our generation will have a new negotiating position. It means we can choose the company instead of the other way around. This in turn forces companies to invest in their employer attractiveness.

The digital transformation will have further effects on working life. The digitalized market environment places new demands on companies. To meet these new digital market demands, an organization must transform itself. Fortunately, the content of these transformations and what digital natives see as an ideal work environment go hand in hand. Our ideas of an ideal work environment are definitely shaped by digitalization. This is a major challenge for companies.

How can or must companies prepare for the generation change? What new framework conditions are necessary?

Let's start with what's important to digital natives when choosing a job, for example. Studies say that different generations have always wanted job security. Job security is important to everyone. But if you look at how different generations define the value of security, the different generations differ significantly from each other. For my parents' generation, security was primarily about earning as much as possible, having high status, and wielding power in order to be irreplaceable. In my generation, these values have slipped to the back of the queue. Instead, values such as a sense of purpose, self-fulfillment and an adequate work environment are at the top of the list for us. Having a meaningful task every day, learning something new every day and having a good time every day. When it comes to the question of what the framework conditions are for this, then it's about topics such as suitable organizational models, digital tools & processes and skills & abilities of employees.

Where do you currently see the greatest conflicts on these issues?

Making all these changes, which in turn are mutually dependent, consistently is a huge challenge. I see a lot of companies who think Digital Transformation sounds like a Facebook account and then just put a new branding video on Facebook and rave about how great, innovative and sustainable it is to work for them. However, nothing is gained by doing this. Later, companies offer home offices to employees. Nothing is gained by that either, because the digital generation already takes that for granted. You have to see the connections: If I allow home office, then I also need the corresponding digital tools and processes so that I can work from home under the same conditions and without loss of information. I need appropriately trained managers who can also lead remotely and with digital tools. And I need to be able to organize myself in such a way that I can do this.

As a company, how can I prevent rifts from opening up?

First, it is important not to deny the current change, even if it is challenging. You have to tackle the issues before it is too late. Secondly, the gap between the digital and analogue generations must be closed. That is, there must be no hostile collaboration and no rifts between the generations. Change only works if the generations work together. The elders must be willing to learn from us and we must be willing to break down our prejudices. Third, the whole issue is new and complex. There is no getting around sourcing expertise externally. That means educating my employees and managers. People talk about agile working very often. Then when I ask them what that means, 90% have no idea what it means exactly. Then they say the working world has to be fast and agile like a sports car. That shows: the principle has not been understood. Agile working is about specific methods, behaviours and approaches. There is an agile manifesto, which aims to concretely improve collaboration. This requires money, because the employees have to be trained in an advanced training. It is necessary to train the employees so that they have an idea of what they are talking about and what they are doing.

Can you even hear the keyword agile working anymore?

I could argue for days with people who know what they're talking about. But if it's more about bullshit bingo and the company is only taking token measures to be seen as a modern company, then it's actually too bad for me to discuss it further. There is nothing wrong with addressing these issues, but it has to be done seriously. When done right, agile working can really help a company. It's just that many companies engage in innovation theater, and nothing comes out of it except a few pretty pictures.

10.3 How the Digital Generation Consumes

If we now turn the focus to consumption: What distinguishes the digital generations? Where are there differences in the act of buying and consuming products compared to the pre-digital generation?

There are many different facets to consider in this area: It's about sales and marketing channels, the product or the business model itself. These three facets are subject to different drivers of change. Let's start with the simpler issue, marketing. When it comes to marketing, we demand all forms of digital marketing. We naturally expect social media platforms to be played on, and authentically so. Social media also serves personal networking, which is why reports there should be as authentic and direct as possible.

Is it even possible today to communicate authentically via mass channels?

More or less, yes. Of course, it depends on the company and the product. But instead of a model, it's better to put a real employee in a real store between the shelves.

Again, this claim is not really different from that of older generations.

Of course, the older generation also prefers authentic reporting. But our generation was shaped by social media and therefore we expect that to a completely different degree. The different channels have different communicative requirements and characteristics. On the subject of marketing, this is also very product- and industry-specific.

On distribution channels: It also depends on the industry and the product, but it doesn't go quite that far. For our generation, the decisive factor is that online sales channels are available. Whether we then use them is not the issue. They simply need to be there. If there are no online sales channels, then we don't go to the retailer to look at a product offline. We inform ourselves beforehand and if we don't see the product online, then it doesn't exist, so to speak. Digitalization also brings new wishes: A direct connection to the shopping list would be conceivable, so that I could order directly from the shopping list app. Or a direct connection to the refrigerator, which can order itself.

How do you see data protection in this networked world?

Of course, we know that some of the services we use that make our lives so much easier can't work without data. My fridge can only order for itself if it knows what I want. And it can only suggest recipes if it evaluates my shopping behavior. But we are happy to put up with that. At the same time, we still expect that our data will not be shared with third parties without being asked, and we also support the EU General Data Protection Regulation. There has to be a certain amount of control over our own data. It is probably more an individual than a generational question whether we are prepared to pay effectively with our data.

So there needs to be a value in return so that you can live with your own data being used by companies?

Definitely. The problem is that people in Germany don't actively learn at school how to deal with what's happening behind digitalization. There is little awareness of the issue of data protection and knowledge of what can happen to one's own data and what the computer does with it. This knowledge is not present in the older generations either. But because they tend to be sceptical, they often don't use a service at all.

When you look at consumption itself: What role does consumption play in the digital generation?

Consumption plays a crucial role for all of us, that is not generation-specific. What is generation-specific, however, is that we do not want to accumulate more consumption. We are very critical in that respect. This means that the status symbol is no longer the big watch or the big car, but rather the bulging Instagram account with all the photos. These are more intangibles that symbolize that you've been to a nice place and had a good time there. This can also explain the popularity of sharing models: Why should I own a drill or a car if I only need these things occasionally anyway? At the same time, owning your own identity is an issue for all generations. What's interesting is that it's not clear-cut with our generation, though. If you look at consumer habits, there's no tendency for our generation to be eco-consumers or bargain hunters. On the one hand, we queue up at Primark and then buy the expensive Patagonia shirt. Depending on the situation or product group, it can be one way or the other.

Why do you think your generation still shops in stores at all?

Because unfortunately some products are not yet available online. That would at least explain my own consumer behaviour. I buy almost exclusively online, except for groceries, because that's not yet available in Germany the way I'd like it to be. Otherwise, I think stationary shopping is a complete waste of time. In general, I would say that stationary retail is in real competition with online retail. We have to constantly ask ourselves to what extent the extra effort I put in to make an offline purchase is worth it. I can order any product online with one click and it will be carried to my home without much effort. It's easy and relaxing. Online, I find more information about a product than I would ever get from a salesperson. And then I can even return online orders for days without having to get into a discussion. Offline retail needs to be aware of its role and constantly look at how it can keep up with online retail so that it is back on par in terms of customer service, returns policy, quality of information and advice. Ideally, it would be better than online retail on these issues. However, many retailers are already struggling to keep up with online retailing at all.

Is the stationary retail already dead?

Yes and no. Offline retail must return to its tried and tested strengths – especially in terms of the quality of advice and the curation of products. Online, for example, I can choose a pair of ski goggles from 2000 different models, which overwhelms me in terms of quantity. But if I only find the ten best ski goggles in a specialist shop and the salesperson also measures my head exactly so that the goggles fit perfectly, then offline retail wins for me. Unfortunately, this service is not available at too many retailers due to margin pressure and other issues. That's why I usually only find the standard assortment, which I can find everywhere anyway. There are usually too few employees on site who know their stuff, because they are expensive. But that would be an opportunity for retailers if, as in this example, I have too much information and no desire to deal with it.

Curating the assortment, service, employee competence and the on-site experience, so these could be profiling elements that also bring the younger generation into the stores?

Exactly, that would be the value proposition of offline retail. But for me to even get the idea of going to the local retailer, you also need a corresponding marketing strategy. That means that with the perfect offline retailer, I also have the product range online and can perhaps reserve or order my purchases in advance. Or I can make an appointment for a consultation and when I arrive, the consultant is already waiting. I am also willing to pay a little more for such services.

You can also see with our generation that when everything becomes digital, real experiences gain in importance. You can see this for example in the development of sales figures for concerts compared to the development of sales figures in the music industry in general. You can see a sharp increase there.

A clear plea not to focus offline exclusively on efficiency, but to sharpen the value proposition. No one comes to a stationary store anymore because of standard services.

Exactly, retailers have to invest instead of saving. Amazon and the online retailers are also investing with their new logistics centers for same-day or same-hour delivery. I can't hear the retailers whining anymore about how mean and evil online retail is. However, no one can assume that everything will always stay the same. They also need to invest and make their mark. There are also enough retailers who do just that and offer exactly the service required. They've got it going on. Interestingly, Amazon is getting into offline retail. However, they are not doing this with the classic standard assortments, but with curated assortments and the connection of the channels.

10.4 The Digital Generation in the Stationary Store

I would like to walk with you imaginary through a stationary store. You have already mentioned the journey. You have to drive to a store and that's where the bill starts: Is the journey worthwhile or not?

That is the crucial point right at the beginning: Is it worth the effort? I don't think there's much more to say about it. If the retailer manages to build up a pull, then we take the journey upon ourselves, if not, then not.

At the same time, however, it is also important to keep an eye on changing mobility behaviour. In big cities, for example, driving licence graduates have halved. When I'm at the ski shop or the hardware store and I'm handling large products, I need an adequate overall concept. Are car-sharing, rental cars or cargo bikes available in front of the store? Is there a delivery service?

The first impression is usually the one that stays. How do you perceive the greeting at stationary retailers?

If I want to differentiate myself as an offline retailer from online sellers, then I should already offer a kind of feel-good atmosphere.

What constitutes a feel-good atmosphere for you?

In terms of the spatial effect, everything should be coherently designed and inviting. Are there certain lounges, seating options or retreats where I can take a break or put something down that I'm carrying around? Or where I can flip through the book or magazine and have a coffee? For me, a feel-good atmosphere also includes how the employees approach me as a customer. Are they friendly and do I notice that they really want to help me and that it is important to them that I am well advised?

How do you generally rate the advice and customer service in stationary retail?

I often see employees following an internal incentive system. I find that terrible. After just two sentences, I notice that the salesperson simply wants to sell me something. I am convinced that customers sense this when the salesperson has a hidden agenda. It makes them feel uncomfortable. It's better to sell the customer less, but have them walk out feeling good and come back. That's much better than simply making more margin, taking the customer completely by surprise and then making them feel ripped off.

You said that curated ranges can trigger a pull effect. What do you mean by curation?

A sensible selection of different products, ideally each the best in its segment and perhaps meeting different needs. It could also involve bringing together unusual products or product groups that don't normally come together. With a curated range, you can see that there are people behind it who have put some thought into it. If I'm just presented with the standard range that's just been unpacked without the staff having put any thought into it, I don't need a retailer to do that for me. It's quite clear that curation also costs the retailer something. But we are quite prepared to pay more for a product in the store. But it has to be obvious what added value I get when I buy a product in the store.

One argument in favor of stationary retail is multisensory. You said at the beginning that you buy everything online. Don't you miss the sensuality here?

Yes, but we weigh up the extent to which the additional expense is justified or not. Let me give you an example: I was looking for a mattress protector for my bed. On Amazon I see several models with different ratings. I am dreading having to make a decision. In offline stores, there are exactly two models that are completely overpriced from my point of view. At least I can touch the products there, but unfortunately they do not meet my needs. Then I go back to Amazon and order two variants with different materials and try them out to see if they actually fit. I know I can send them back if they don't fit. If I buy the product in the store, I can try that out too. But if I return the item to the store after half an hour, I can do that, but I know that I will then have to have a discussion with the salesperson and go back again. With the online retailer, I can just send the package back, it doesn't get much easier than that. That's the big balance. Of course, it would be nicer if I could touch the product briefly beforehand. But if I can, I'd rather order three different variants online than spend so much time in stores discussing.

It's exactly the same with food. Fifteen years ago, everyone said you can't sell food online because people want to touch the products. But if I, as a customer, have had the positive experience twice that the vegetables are not mouldy after all and don't have any bruises, then I will buy my vegetables online from now on.

Are there any retailers that you can see are coping very well with the digitalization change?

I am not a friend of examples, because examples tempt to idealize them. Every retailer is completely different in its orientation and target group, its location and its business model and must think individually about how it can solve these issues for itself. Sure, I know examples of retailers who do it particularly well. These are mostly local or regional lone warriors.

Can you paraphrase what they do particularly well?

One of my absolute favorite retailers is right around the corner from me. An organic supermarket that also offers a lunch menu and cooks super delicious dishes every day. As ingredients, he uses products from the store that are close to their best-before date or have pressure marks and are therefore barely saleable, but are of impeccable quality. He offers cooking classes, knows the local farmers and shares experiences, tips and recipes with customers. He's so great, I don't expect an online store from him at all. But I do expect to find a menu online for every week.

As a representative of Generation Y, how do you perceive the current reactions of stationary retail to the digitalization wave in general?

What I often see is that the big club is unpacked, that the online retailers are so mean and ruin the business and that everything is bad. But it's not the online retailers that are killing the business, it's their own business practices that don't fit in with the times, to put it bluntly. Retailers are facing the same challenge as any business, which is having to see themselves more and more as technology businesses, and that's what's happening to retailers now.

For example, I am a huge fan of Click & Collect. I think it's wonderful and I think it's terrible that some retailers are abandoning or stopping the experiment. It may be that I would like something quickly, but don't feel like marching around the store for an hour. Click & Collect forces retailers to showcase their range online. If I'm going to do my research beforehand anyway, why can't they just put that dowel right at the front of the entrance for me, so all I have to do is pick up the product? Plus, Click & Collect also offers the ability to change returns. When clothes shopping, I'd like to have three options to choose from and wish the retailer would prepare those choices for me while I'm still in the dressing room. That way, all I have to do is go into the booth, try everything on, and then only take home what I actually need or fits me. It may also be that these stores are in places that I walk by every day anyway. Then I say to myself, if I'm going to walk by there every day anyway, why should I have the item delivered to my house at 2 pm in the afternoon when the delivery guy is going to be at a closed door anyway? I'll be at work by then.

In summary, it could be statued that you are not averse to visiting brick-and-mortar retail, but due to in-store vagaries, the online channel is clearly more convenient and attractive. If the advice was personalized, personable and authentic, if the assortment had a story, if the experience was designed so that I could experience the product in context, if the dwell quality was there, if I could get to the retailer conveniently and without wasting time, then the brick-and-mortar retailer would definitely be a valid option compared to online retail. Is that the case?

Exactly! It's about many different sub-aspects that we value and that then shape the overall experience. In case of doubt, I don't care about the journey or the location if the product is delivered to my home after the purchase. And if I find out that the shoe doesn't fit me after all, I can simply send it back without having to go there again.

Philipp Riederle (born 1994) is considered an expert for and bridge builder between the digital generation and its predecessors. At the age of 13 he was already storming the podcast charts, and at 15 he founded his own company. Awarded the title of "Digital Head of Germany" by the German government and appointed to the Advisory Board Digital Economy NRW, Philipp Riederle gives talks on the topics of digitalization and the future of work. He analyzes and identifies strategies with

which companies can inspire the digital generation for their content and products, but also retain them as employees. As Germany's youngest management consultant, he has already worked with over 450 international companies on their digital competence.

Dr. Markus Schweizer studied business administration at the University of St. Gallen, specializing in strategy and organization. He then completed his doctorate – also in St. Gallen – at the Institute of Marketing and Retailing (Gottlieb Duttweiler Chair for International Retail Management) on the phenomenon of "consumer confusion" in retail. Markus Schweizer held leading positions at tegut … gute Lebensmittel and Migros in Switzerland from 2006 to 2016. Since 2016, he has been managing director of Holistic Consulting GmbH in Hanover, a boutique consultancy for customer-centric thinking and action. He also teaches retail management at Leibniz-FH in Hanover and is the author of several specialist books and articles on the successful transformation of retail.

11 The Trust Advantage of Stationary Shops

Cornelia Diethelm

Abstract

The Corona crisis has impressively shown that shopping is more than a rational act. Shops are social meeting places at all times of the day, where people like to spend time, observe others and meet acquaintances. The article shows that brick-and-mortar retail has a trust advantage over online shopping, and how important it is to use new technologies with a sense of proportion. After all, technologies can take on an unethical shape if they are only there to increase retailers' sales. In the long term, the retailers who are successful are those who have an ethical compass, can offer their employees meaningful work and consistently focus on the needs of their customers.

11.1 A Place of Reliability

Data-driven opportunities are fuelling gold-rush sentiment in many businesses, including retail. Lower costs, more efficiency and a better customer experience – that's the promise to customers. But is this really the case? Trust in companies has suffered greatly in recent years. Manipulative practices contribute to this, for example by automatically adding an additional product to the shopping cart at random. The customer has to actively remove this product from the shopping cart before completing the order. Something like this would be unthinkable in a stationary store!

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Other tricks include non-comparable offers, hidden costs or that free offers are converted into a paid offer without warning. Such unethical practices are referred to in user experience as “Dark Patterns” (2020). They cause customers to do something they didn’t want to do. Such actions may lead to more sales in the short term. But they have a negative effect on long-term customer relationships. The chance of losing these customers is high. In a store, the customer sees all the products. He can hold them in his hand, compare them with each other and thus knows what he is getting for his money. This security of knowing all the facts and making a choice on their own creates trust. And trust is becoming increasingly important, especially in an increasingly digital world (Edelman Trust Barometer 2020).

11.2 A Place for Social Participation

Where there are people, there is life. Not only for families and older people, shops offer a welcome opportunity to see familiar faces, to come into contact with other people without obligation or to observe something. This is where very different cultures and generations mix, making a shop a social meeting place. Shopping is much more than a rational act or a weekly necessity, and the Corona crisis has brought this home to us. Shopping is part of our leisure activities and shops are social meeting places at all times of the day where people like to spend time. Within a very short time, it has become clear how drastic it is when regular shopping is only possible to a limited extent, thus reducing the quality and length of time spent on site to a minimum. An important piece of the puzzle is missing from our daily lives.

People are social beings, which is why shops will continue to play an important social role in the future. They want to interact with other people and experience something. And they are open to new things and surprises in everyday life. A shop can also provide a platform, both for people behind the individual products and for service providers in the vicinity. It is the logical evolution of the former marketplace and strengthens the local ecosystem. This creates a human proximity and local connection that makes the point of sale an emotional brand experience. This also fits with the trend of dissolving boundaries between shops, workplaces, educational opportunities, events and gastronomy. And this in turn leads to completely new attractive job profiles in stationary retail.

Responsible retailers such as the drugstore chain dm or the organic supermarket Alnatura set an example: In the long term, those who can offer meaningful work and invest in good working conditions and young professionals will be successful. After all, satisfied employees are the best advertisement for a retail brand and they ensure long-term economic success.

11.3 A Place Nearby

For a good customer experience, customers need to be able to interact with the retailer across all channels. But not everything that is possible in marketing creates added value. For example, people can be located in real time via smartphone using GPS or Bluetooth, which enables location-based advertising. However, this geotargeting only leads to a positive customer experience if the advertising displayed or the offer made is actually tailored to the needs of the person in question. It almost has to be something exclusive to stand out positively. Simply a discount coupon more is not enough. The lack of relevance of advertising means that such measures are often perceived as harassment. This is also the conclusion of a scientific paper on the acceptance of beacon technology in stationary retail (Hellweg 2018). Customers perceive it as an intrusion into their privacy if their location and behaviour are constantly recorded. Furthermore, they are suspicious. What happens to my data?

Ethically questionable is emotional targeting, for example, when an attempt is made to infer the emotional state of a person based on their face. This enables individualized advertising in real time. If someone appears to be in love, a reference to the nearby flower shop would be conceivable. If a person seems tired and overworked, a discount for a wellness weekend might be appropriate. Retailers should refrain from such measures. On the one hand, people feel manipulated and disturbed in their privacy. For another, the promises made by product providers are based on outdated models. Scientists point out that emotions cannot be read so easily from the face (Nature Video 2020). And the renowned AI Now Institute has already identified facial recognition, whether for commercial purposes or for control and surveillance, as a serious problem for society and politics.

Another possibility is target-group-specific advertising in stores. Intelligent cameras can be used to analyze the faces, age, and behavior of individual people, according to the promise of the provider Advertima. Different advertising messages are then displayed depending on the audience in the store. The company has tested the "intelligent signage campaign" in three SPAR stores, which it says led to 10% more spontaneous purchases compared to classic, non-targeted digital signage campaigns (Advertima 2020). Comparisons are always somewhat difficult because the people affected by tests are never the same. Changes are also often so small that no reliable conclusions can be drawn from them. Is the investment in digital advertising in the store really worth it? Or are there more effective measures to convince customers to buy individual products, for example tastings?

With emotional experiences, a good atmosphere in the store as well as the intuition of the employees, a lot is possible. And above all, such measures are unique, which can never be the case when using a technology. It quickly becomes a hygiene factor by establishing a new minimum standard. Because technologies are never an end in themselves, but always a means to an end.

11.4 A Place with Fair Prices

Customers are used to one-size-fits-all pricing. But with data-driven business models, the price can be dynamically adjusted throughout the day or tailored to an individual person based on their data trail or behavior. Is it fair for a customer to pay more for a book than their neighbor just because they are deemed by the system to have more purchasing power? Who ensures that the data basis for this decision is correct? And above all: Is this individualised price comprehensible for the customer concerned, does he know how it is arrived at, and can he correct incorrect data? It is true that one reads time and again about different prices when booking flights or hotels online. But few are likely to be aware of this in everyday life, because they are not accepted, as initial studies show. In an experiment with 2000 consumers, it was shown that they consistently perceive price differentiation as unfair, regardless of whether they profit from it or not. Why? Consumers assume that they will suffer disadvantages in the long run. And they are afraid that other consumers would get even better terms, which makes them dissatisfied. This in turn leads to a decline in the willingness to repurchase and a fundamental loss of trust in the retailer – regardless of the economic price advantage (Haucap et al. 2017).

Individualised prices, which only serve the profit maximisation of a company, are at the expense of the customers and are therefore not considered fair. Now, one could object that there are also individualized prices on the market. But here there are two people facing each other who feel responsible for their negotiating skills. On the Internet, on the other hand, the price is made unilaterally. There is a lack of the necessary transparency to be able to negotiate or adjust the purchase decision. It is particularly questionable when customers with purchasing power are not even shown favourable offers on the Internet because of the calculated willingness to pay, or when an urgently needed product is offered at an overpriced price.

If, on the other hand, there is a comprehensible reason for an adjusted price, for example if a day ski pass is more expensive in good weather than in bad weather, many people have no problem with it. Experience in ski resorts such as Arosa shows that such dynamic prices enjoy a certain level of acceptance. Are dynamic prices coming soon in stationary retail? Probably not, according to the conclusion of a recent study by the EHI Retail Institute (2020): the prerequisite for dynamic prices in retail would be digital signs, which is not the case in clothing stores, for example. In addition, it would have to be comprehensible to customers what forms the basis for price adjustments during the course of the day, and that this does not lead to higher prices overall. Retailers would therefore do well to use new pricing models with a sense of proportion so as not to jeopardise good customer relationships.

11.5 A Place for Local Supply

In response to the need for longer opening hours, retailers are increasingly testing small 24-h shops at high-frequency locations such as train stations. The aim would be to be able to operate these without employees. Valora caused a stir in Switzerland: in spring 2019, the company converted a container into a shop at Zurich's main railway station, the avec box, in line with the avec shops at railway stations. This first cashierless convenience store in Switzerland was designed as a 3-month pilot project. Since then, the avec box has been present at other locations. Access, shopping and payment are all done via an app that customers have to install beforehand. An identity card and a credit card are required. Such options are also being tested at Migrolino, Migros' small shop format. It is also being tested whether facial recognition could be suitable for age verification. And in Barcelona, Nestlé is testing in its own store whether customers can pay for goods with their faces, reminiscent of "pay with a smile" in China. Specifically, it works like this: The camera at the checkout takes a picture of the person. This picture is then compared with the profile picture of that person's app.

Biometric methods such as face and voice recognition are on the rise, especially in banking, insurance and retail. This makes authenticating a person convenient and fast. Since biometric data is considered particularly sensitive personal data from a data protection perspective, merchants should weigh the pros and cons in each case. Are the procedures really secure? Identity theft would have serious consequences for the persons concerned. This is one of the reasons why work is being done on alternatives that are secure, fast and data protection-friendly. For example, the Swiss start-up Futurae offers a solution that can identify people based on ambient noise, high-frequency sound and contextual information. Approaches to uniquely identify people based on their gait or movements are also seen as promising, as they are difficult to imitate. For hygienic reasons, the Corona crisis is likely to give a further boost in particular to those biometric methods that do not involve direct contact with an object or device.

11.6 A Place of Safety

Retailers are increasingly using video cameras. They complement detectives who regularly circulate in the stores as disguised customers in order to prevent theft. In the interest of transparency, this must be declared to customers, for example with a camera icon at the entrance. At the same time, this makes it visible that video recordings can help to clarify a situation in further cases. Are companies aware that video recordings are particularly sensitive data?

The due diligence of companies has become even more important since the introduction of the General Data Protection Regulation (GDPR) within the EU, because violations can result in fines. The aim of the DSGVO is to better protect privacy. Merchants must regularly ask themselves which data they collect for which purpose and how they protect this data from access. A deletion concept is also necessary. And because every data collection is associated with effort, the first companies are already relying on data minimalism, for example the Otto Group.

Do video cameras contribute to a relevant extent to the reduction of theft? Can a deterrent effect be determined, for example in the case of criminal gangs? For retailers, it is worthwhile to critically reflect on the proportionality when using video cameras. Because customers should feel safe and secure in the store, not under surveillance.

11.7 A Place of Human Innovation

Which technologies do we want to use to solve certain problems? And which ones don't, because they conflict with existing values such as privacy, autonomy or fairness? To answer these questions, customer-centric traders need an ethical compass, because the use of a technology is never neutral. It is always people who decide what data underlies a technology and what it is used for. Is it really being used for the benefit of the customer? Or is it more of a technological gimmick, perhaps with unintended side effects?

For customer-focused retailers, it is no longer a question of what is legally possible, but what makes sense. In doing so, they meet the rising expectations of their customers, their employees and other stakeholders. More and more companies are therefore drawing up ethical guidelines in line with their values. They are then implemented through responsible data management, so-called data governance. Larger companies also use ethics boards to evaluate projects for their opportunities and risks at an early stage and in an interdisciplinary manner.

It is important that the responsible handling of data and new technologies becomes part of the innovation process, because there is a danger of looking inward here. It is not uncommon for technological gimmicks to emerge that cost a lot of money but offer customers no added value. Technologies must never be an end in themselves, as is still too often the case in online retail.

11.8 Conclusion

Brick-and-mortar retail has a trust advantage over online shopping that it can maintain and further expand. This requires committed employees who identify with the retail brand and treat customers as equals. In addition, new technologies can definitely improve the shopping experience, for example self-scanning or self-checkout. Such alternatives strengthen the autonomy of the individual, because everyone decides for themselves whether they see this as a gain in convenience or not. Cashless payment is also a positive example. It speeds up the payment process and is likely to become even more popular due to the Corona crisis. These are classic win-win situations for customers, employees and retailers. After all, it is often the less spectacular things that offer customers real added value in stationary retail.

Technologies lose their value, they can even take on an unethical shape if they are only there to increase retailers' sales. Only when the focus is on customer benefit does technology maintain its raison d'être and add value to brick-and-mortar retail.

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12 Best Practices for AI in Retail: Also for Multisensory?

Gerrit Heinemann, Kerstin Sonntag, and Marcus Groß

Abstract

Meanwhile, there is no doubt about the realization that brick-and-mortar retailers need to reinvent themselves. For example, stationary retailers in the city are often struggling with declining customer numbers and stagnating sales, while online retailers continue to grow and are becoming a growth driver for the entire retail industry. Against this background, new solutions are required. In this regard, artificial intelligence (AI) systems can support retailers, especially in personalized customer advice and customer communication. For example, smart displays recognize products selected by the customer and recommend suitable additional items, such as with Amazon 4-Star. Or employees can provide personalized advice to their customers with the help of AI-supported tablets, such as at Zara. Payment is then made without stopping at the checkout by image recognition of the purchased goods and by accessing the digital customer account, as for example at Amazon Go. In this respect, it makes sense for the stationary retail trade to deal intensively with the topic of AI.

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12.1 Opportunities and Limitations of AI in Retailing

12.1.1 Digital Transformation in the Retail Sector

Particularly in comparison to online retail, it is clear that times have become more difficult for stationary retail. As the first point of contact for customers, retail outlets are directly affected by changes in customer buying behaviour, which is driven in particular by increasing mobile internet use. While stationary retailers are experiencing declining customer frequencies and stagnating sales (net sales of stationary retail in Germany have been stagnating at around EUR 400 billion for years), online retail has been able to grow enormously in recent years and has become a growth driver for the entire retail industry. While the e-commerce share was still 10.4% in 2018, it is expected to reach 15.5% by 2025 (ibi research 2020). Driven by the increasing use of mobile commerce, online retail has successfully established itself and continues to steadily gain market share. In 2019, it achieved a plus of 11.6% compared to the previous year (bevh 2020). In addition, the internationalization associated with digitalization is increasing competitive pressure. Pure online retailers or Internet Pure Players (IPPs) such as Asos, Yoox and Net-A-Porter ship worldwide and continue to grow at an above-average rate in Germany (bevh 2020).

At the same time, digitalisation is leading to a reorganisation of the rules of competition, which have so far favoured the internet giants from the USA (GAFAs – Google, Amazon, Facebook, Apple) and China (TABs – Tencent, Alibaba, Baidu). As of 2019, both groups already account for more than US$2000 billion in trading volume, with TABs alone accounting for more than US$1200 billion (Heinemann 2020). In Europe, comparable players are still a long time coming.

Digitization also leads to a realignment of the value creation stages. It creates new forms of competition and changes the information and purchasing behavior of customers. New market participants are increasingly taking over traditional retail functions. These include, in particular, manufacturers with their direct-to-consumer offers, new types of information intermediaries (e.g., search engines such as Google or social networks such as Facebook) and digital sales intermediaries such as price and product search engines such as Idealo or guenstiger.de. Manufacturers are increasingly focusing on verticalization, with more and more “mono-label stores” emerging to replace the classic “multi-label retailers,” which means that traditional specialist retailers are continuing to lose a great deal of their importance. Information intermediaries are using their technology and data sovereignty and the resulting great influence on the range of products and services to expand their business base. They have already taken over large parts of the traditional product range, advisory and information functions of retailers.

In the course of the digital transformation in retail and the resulting intensification of competition, retailers can now only position themselves successfully through absolute customer centricity. Retailers must provide added value that is relevant for the customer, present a unique value proposition and also fulfill it. The aspects relevant to the customer here are at the same time the decisive strategic aspects in the battle for market share for retailers: target group/business model, product range, multichannel, communication/customer interaction and customer experience (Heinemann 2019). Artificial intelligence (AI) systems will support "digital" retail in almost all areas of the company in the future.

12.1.2 AI as the Highest Evolutionary Stage of Digital Commerce

Digitization and the emergence of the technology associated with it is not in itself a new development, but began around 20 years ago. Also known as digital transformation or digital disruption, it is divided into three waves. The first wave began in the 90s with the spread of the internet and social networks. From this point on, consumers were able for the first time to search for information and products at any time, independently and worldwide, and to communicate interactively via the internet (Weuthen 2019).

The second phase of digitalization emerged with the increasing use of smartphones. In particular, the introduction of the revolutionary Apple iPhone in 2007 created a real hype around new innovative products/services and mobile apps. Communication between brands and their customers became interactive with the help of the smartphone. From now on, it is also important for brands to be digital and to offer additional services around their own products in order not to lose customers to innovative competitors. The shopping experience and seamless switching between online and offline channels are becoming increasingly important for customers. The digital customer also leaves behind large amounts of data during their customer journey, and AI is now enabling companies to analyse and use this for the first time to offer customers personalised advice, products and services (Weuthen 2019).

The third wave, in which we currently find ourselves, is also referred to as the development of the "Internet of Things" and describes the networking of everything and everyone with each other. In this development, which is also referred to as the fourth industrial revolution, branded, personalised things, services and applications come to "life" via smart AI technology and adapt to the needs of each individual in real time (Weuthen 2019).

Digitalization has fundamentally changed the way people communicate, how they spend their everyday lives and leisure time, and how they seek and buy information or products. The "digital" consumer likes to decide spontaneously what to buy, when, at what price and, in particular, via which channel. According to a study by KaufDa, as of 2018, more than 85% of adults over the age of 14 use smartphones, and 70% regularly shop online (KaufDA 2018). This is also accompanied by a change in customer expectations when shopping. For example, customers today are increasingly choosing shopping strategies that address both the offline and online channels. The proportion of "pure" offline customers, on the other hand, is declining. It is now typical for customers to prepare their offline purchase online by researching the market (frequently now by smartphone while on the move or directly in the store). The share of these ROPO's (Research Online – Purchase Offline) has increased significantly in recent years and was already over 30% in 2018

(Offerista 2018). While customer expectations are aiming towards the intertwining of the online and offline worlds, many retailers are not yet prepared for this at all or are behaving hesitantly and wait-and-see. This is certainly also linked to the investments in digital infrastructure that are often required for an intertwined offline-online strategy.

The broader range of shopping options has changed consumer behavior in the long term. The personalization of offers made possible by artificial intelligence (AI) and the almost unlimited choices available mean that customers are becoming more demanding of brands or companies. Consumers today have access to more than a billion products worldwide and want to change their shopping channels fluidly. Customers therefore now expect companies not only to provide excellent service and digital services to support their everyday lives, but also, in particular, multi-channel excellence and the availability of products in all channels – combined with fast delivery times (Weuthen 2019). Expectations of brands and service providers have never been higher, and without the use of artificial intelligence, the buying experience demanded by customers cannot be achieved.

12.1.3 AI as an Opportunity for Stationary Retail and the Multisensory Shopping Experience

Although stationary retailers now have online presentations with webshops that complement the traditional store, as a rule this supplement is not fully integrated into a customer journey or a purchase process, but is often regarded as a detached, separate branch of business. The end customer thus leaves a fingerprint on the web, but this usually no longer plays a role in the store (ON4OFF 2019). This situation leads to a loss of time for the end customer, who often searches for a long time in the store until he finds a salesperson and may then have to explain himself several times until he gets the right salesperson. If the right salesperson is then also less knowledgeable in the desired field than the consumer who has been trained by the Internet, the customer is finally frustrated. All this means that the desire to buy is slowed down at important interfaces in the customer journey and, if necessary, shifted to the (online) competition. At the same time, customers expect direct online support in the store even without a previous online context, e.g., when scanning products using an app to display further information, discount promotions, or similar products. There is a lack of smart transitions that synchronize the know-how and contexts between online and offline activities (ON4OFF 2019).

These assessments are supported by the “Holiday Season Shopping Report,” a study by McKinsey on the 2019 Christmas shopping season (McKinsey 2019). According to the report, 62% of consumers planned to buy gifts online and offline. While they predominantly researched online, they liked to buy in-store. As a result, customers are increasingly looking for digitally optimized offline shopping experiences. The biggest benefits cited by 24% were finding products via a digital panel, 11% self-checkout and 10% wanting direct offers to their mobile phones. For retailers, the ability to target relevant offers to different channels is therefore becoming a success factor. According to McKinsey’s study,

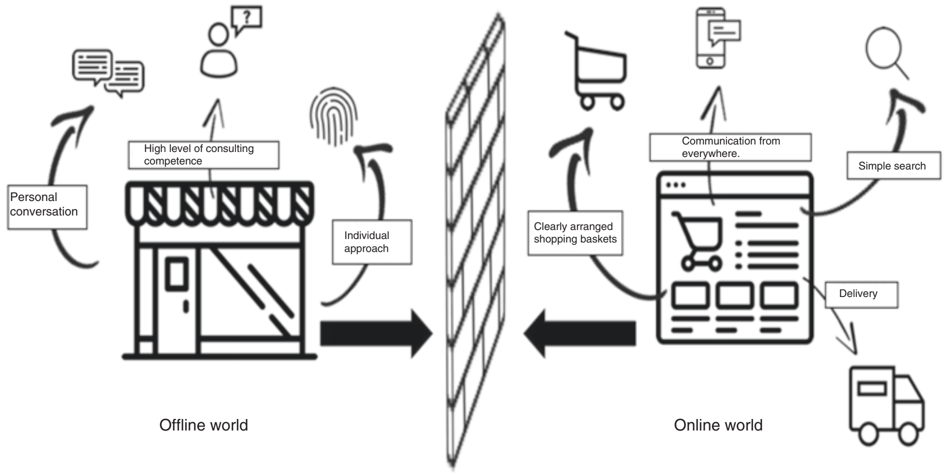

Fig. 12.1 Current challenge for the retail sector: dovetailing offline and online. (Courtesy of © ON4OFF 2019. All Rights Reserved)

personalization can increase overall sales by 15–20% (even more offline) while significantly improving the return on marketing spend across all marketing channels (McKinsey 2019).

Figure 12.1 shows the current situation of separate online and offline worlds. The missing connection between offline and online is normal today. The two disjoint worlds need to be bridged in order to make the entire online context functional during the store visit. This context can then be used to significantly enhance the end customer's in-store experience. Artificial intelligence systems can help close the gap between the two worlds described above.

AI Connects Off- and Online

Artificial intelligence (AI) is a broad field of techniques and tools that allow computers to mimic human behavior (Riedel 2020). The AI system acts as a central collection point for various retail data and evaluates them by integrating AI models (machine learning). Machine Learning algorithms are used to draw insights into specific questions from patterns in large, structured and unstructured databases – e.g., to make recommendations on individual sales steps (such as suggesting products that customers with similar requirement profiles have opted for). The evaluation then involves the recognition of correlations and patterns in relation to the entire customer group. The data thus provides real-time information that can be used not only by the sales consultant in the store for targeted recommendations. Rather, continuous real-time analytics can identify buying patterns that were previously inaccessible to individual businesses (ON4OFF 2019). Companies can thus react much more quickly and agilely to changing customer behavior, arrange their merchandise in new ways, develop personalized services, and much more.

Thus, a constantly learning AI can accompany the customer's visit (online and offline) in the background and learn from each of his actions/reactions. At startup, only the historical data can be accessed. During operation, the AI system prompts customer service agents for explicit labeling of transaction steps and customer reactions for quality assurance. Only when sufficient data is available does the system itself begin to make recommendations and continue to learn from the reactions to them.

Everything is conceivable, from a guided tour of the store via an app to an event planned by a suitable specialist salesperson for detailed viewing, appraisal and trying out of all goods and combinations of goods pre-qualified on the web (ON4OFF 2019). Even a context-free visit to a store location should open up possibilities for online communication, such as scanning the goods to get additional information, but also communication on different channels up to the retrieval of a suitable salesperson based on skills. The store itself thus offers a new shopping experience through the online supported communication channels. The contact with the salesperson/agent occurs exactly then and exactly in the way the customer imagines. "In addition to the shopping experience, customers expect excellent and individual advice from stationary retail" (Heinemann and Handt 2018).

Over time, the AI thus generates a "visiting room" of related and suitable objects and, over time, a kind of "digital twin" replica of the real end customer. The end customer and his "Digital Twin," as illustrated in Fig. 12.2, merge through the new communication methods into a single entity that can be highly personalized and personally served – even directly in the store (ON4OFF 2019).

The frustrating store visit with unavailable goods, insufficiently informed sales staff or long explanation times thus becomes a thing of the past. Additional attractiveness during

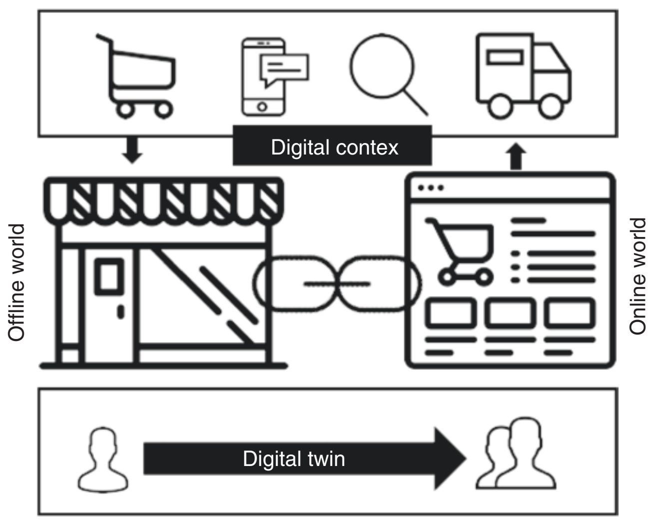

Fig. 12.2 Idea of the Digital Twin, seamlessly connecting the offline world with the online world. (Courtesy of © ON4OFF 2019. All Rights Reserved)

the event-like visit to the store can be created by the status level (e.g., analogous to Lufthansa Senator status), whereby the customer is bound to the company in the long term and enjoys corresponding advantages in return. The retailer knows the customer, the customer is served faster and better and thus provides an incentive for the previously anonymous visitor to follow suit. Thus, new customer loyalty concepts are created for the stationary retail trade.

The underlying new technical system offers the possibility to create employees with skills that can be switched on as needed according to ability and readiness and integrated into the communication flow. The employee's context for the corresponding end customer is displayed, for example, in a GUI (Graphical User Interface) on a tablet. Customers still have the option to visit the store anonymously, but in both cases receive added value through AI personalization (ON4OFF 2019).

The information provided to the employee – combined with the options of the end customer – thus enables a variety of communication situations (see also Fig. 12.3).

In order to be able to cope with the flood of information, ideally not only a data-processing AI with a multitude of models is available in the background, but also a so-called Adaptive Case Management (ACM), which can decide on the basis of an evaluation of the history recognized so far whether a salesperson should contact the customer immediately when visiting the store or whether it is better to inform the end customer first with moderate information about the user app. Via a customer loyalty card or logging into the merchant app/online account, there is the possibility of complete identification with the entire purchase history online and offline. An anonymous web session can be identified by a QR code that can be scanned when visiting the store. But even the purely anonymous

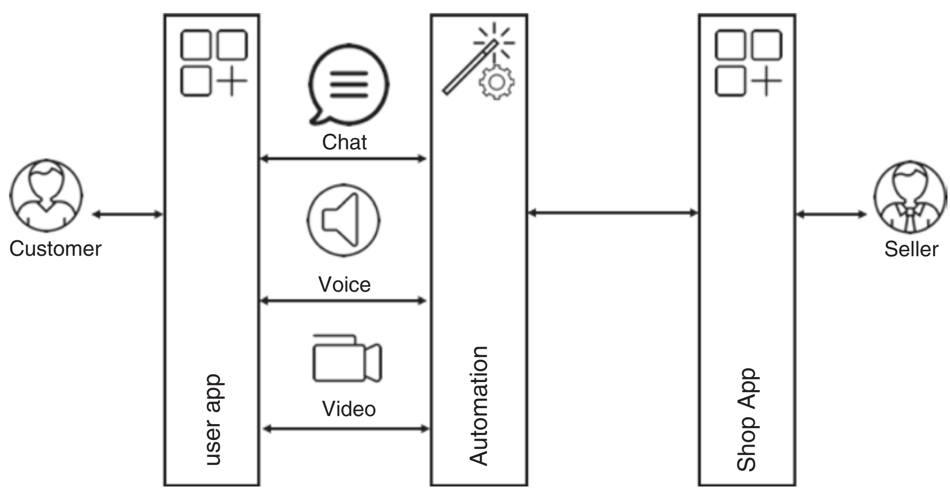

Fig. 12.3 Interaction of end customer and salesperson in the store through technical means of communication and automation. (Courtesy of © ON4OFF 2019. All Rights Reserved)

visit can bring benefits in customer communication through implemented AI infrastructure (ON4OFF 2019).

12.2 Application Examples for AI in "Multi-Sensory" Stationary Trade

12.2.1 Typical AI Application Examples

In the following, two AI application examples are described in which the end customer enters the store. In the first example, the visitor has already obtained information from the retailer's online shop. The second use case describes how a customer without online history visits the store.

- *Situation 1:* The customer has previously selected certain goods in the web shop. In doing so, he has used the communication functions (e.g., mail, chat, or Click2Call) of the online store. A purchase decision is not made because the products in the shopping cart or the possible alternatives are, for example, very expensive and/or present haptic, visual challenges that cannot be met online. At the end of the web session, the customer specifies a desired date for the offline store and receives a QR code on their mobile phone from the system. Upon entering the store, the web session user identifies themselves by scanning the QR code right at the store entrance. In the background, the store's AI and logistics have ensured that the goods needed and those determined by the AI to be associated are in stock and available. A trained employee approaches the customer directly and can clarify open questions about the products on the spot, so that the customer can now decide on the right item (ON4OFF 2019).
- *Situation 2:* The customer enters the store without an online history. The first time an item is scanned in the store using his smartphone, a visit session is created. A knowledge database – supported by various AI models – provides information from various shops about the item, such as colors, sizes, or origin. In addition, it recommends similar products through recommender models and describes where they can be found in the store. At this point in the customer journey, the smartphone app offers communication options such as chatting or a conversation with a salesperson trained in the product, who could also be in another store and is currently free. Similarly, the customer can also use their smartphone to directly contact a salesperson in the store. Based on the data collected during the visit session, the AI working in the background can decide when the shop needs to become active on its own (e.g., send a proactive follow-up email or offer a conversation) so that the potential customer does not get lost or which AI models are selected next for the customer.
- To monitor the success of the AI models, various metrics are defined in the respective use cases. Stay times, activity profiles, investigations of the assortment and last but not least the sales, offer many parameters that allow a sufficient amount of metrics (ON4OFF 2019).

AI and SMEs

While most larger companies can implement the AI systems described relatively quickly, it's not quite as easy for SMEs because they have only reached a much lower level of digitization. The data that AI needs for personalization – including customer-specific (transaction history, individual preferences) and company-specific data (inventory, customer group preferences, business goals) – is not yet available at most SMEs today. A merchant usually does not have this data (at least not in an easily usable form) nor the necessary infrastructure to process it in the future. At least one-third of local retailers still work without electronic inventory management systems and are therefore not even able to indicate the availability of their products (ON4OFF 2019).

In order to communicate online and in real time with their end customers, SMEs today still mostly rely on unstructured communication channels such as email, chat or social media. Customer relationship management (CRM) systems may contain a large amount of relevant data, but they require active maintenance and offer only rudimentary support for the real-time handling of customer dialogues. Some vendors, such as Sabio, therefore offer knowledge management systems. Beyond pure information retrieval, however, these systems do not offer deeper analysis or continuous process support. Even among dedicated case management products, only a few (e.g., Pega 7 and IBM Case Manager, which is based on Watson technology) offer decision-making capabilities. However, for SMEs, these solutions are overpriced (ON4OFF 2019). This problem is addressed by the ON4OFF research project presented in the next chapter.

12.2.2 Application Example in the "ON4OFF" Research Project

Launched in January 2019, the 3-year ON4OFF research project aims to support SMEs in particular in developing "smart," multi-sensory experiences for consumers (ON4OFF 2019).

It goes beyond the current discussion about multi- and omni-channel communication and incorporates innovative technologies and concepts such as AI and machine learning approaches. This is intended to intelligently link the online and offline shopping worlds and create added value, especially for offline shopping (see Fig. 12.4).

The main objective of the ON4OFF project is to counteract the dwindling number of visits to retail outlets through a smart fusion of offline and online business. This ensures the attractiveness and viability of urban spaces and, as an important digitization step in suburban retail, also contributes to "smart cities." It solves the problem of the reduced range of goods on offer and the sales assistant in the shop who is often overwhelmed by the internet-trained customer (ON4OFF 2019).

The ON4OFF system flanges itself to the retailer's data infrastructure and integrates communication and AI modules via the backend structure developed there. The built

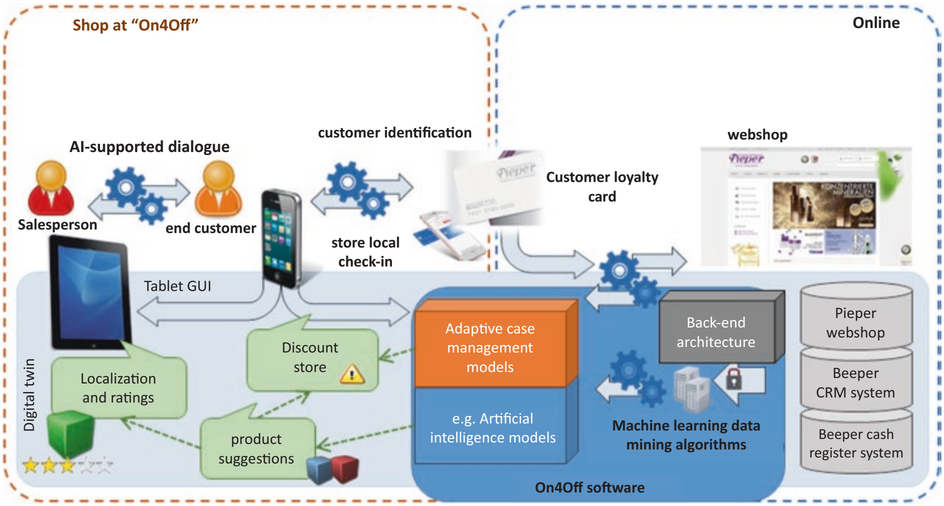

Fig. 12.4 ON4OFF concept. (Courtesy of © ON4OFF 2019. All Rights Reserved)

system allows to merge the data labeled by the real-time events with the existing ones and to use the crucial AI algorithms through a so-called "Adaptive Case Management" to make the decision tailored to the customer. Dialog control includes options ranging from information delivery about the product on the smartphone app to an online pre-qualified event in the store. Working with this app allows for a deeper understanding of the customer and their needs. ON4OFF answers the questions of whether I'm better off delivering a replacement or repair in the case of a complaint, whether I should address or wait, what type of communication or products are appropriate for the customer in the situation at hand. Technological solutions such as machine learning and "artificial intelligence" approaches make an important contribution via ON4OFF in the retail business, which goes far beyond the functionalities of average web shops and places the customer – regardless of time and place – at the center of its approach and sales relationships (ON4OFF 2019).

The ON4OFF research project aims to make innovative approaches in this field tangible and understandable for retailers and thus also to cushion the "fear of the unpredictable." Through various use cases that are tested in several stores of the application partner, other retailers can test these scenarios live and capture customer reactions. The benefits resulting from these new approaches can thus be better estimated by companies. This is all the more important because innovations in this area have a holistic effect and can encompass technical (innovative technologies such as machine learning, new IT solutions), economic (expanded and possibly even new business models) and social aspects (new service and communication concepts) and thus influence the entire current business model (ON4OFF 2019).

In addition to the Niederrhein University of Applied Sciences, five other consortium partners from business and science are involved in the ON4OFF project: the Jülich

Research Center, the University of Duisburg-Essen, Stadtparfümerie Pieper, In-telegence GmbH and Adesso AG. ON4OFF is funded by the NRW Ministry of Economic Affairs and the EU's European Regional Development Fund (ERDF) and is one of ten IT projects within the framework of the IKT.NRW lead market competition. This addresses the central development fields with the greatest growth potential for the industry, which will be decisive for the future development of the information and communication industry (ON4OFF 2019).

The following study shows how virtual environments can lead to a better multisensory shopping experience.

12.2.3 Application Example in the Study "Virtual scent tasting"

In the experimental field study "Virtual scent tasting," stationary retail becomes multisensory, personalized and immersive. The survival strategy of many stationary retailers today relies on more design, more technology and more service. In this context, the impact of sensory marketing such as ambient scents, background music or visual stimuli is becoming more important. However, retailers' stores often appear overloaded. Here, it is important to offer the customer a special experience without causing sensory overload (Adesso 2020).

Here, the study "Virtual fragrance tasting" shows an innovative solution approach. It was conducted in a cooperation between Adesso AG and Parfümerie Pieper over a period of 5 months with 100 test customers in a real shopping environment. Instead of further increasing the sensory information overload through more technology, a virtual reality concept was developed in which the surrounding stimuli are faded out and the customer's focus is directed to a specific stimulus combination. The product presentation is secondary. According to neuromarketing research, up to 10 times higher attention can be achieved with a coordinated (congruent) stimulus experience (Adesso 2020). Customers had the opportunity to test a fragrance, pre-selected with the help of AI, in two different ways: classically on a paper strip and virtually, for example, during a flight to Mount Everest. The special experience consisted not only of the extraordinary (virtual) environment, but above all of the ideal sensory matching as well as the subconscious product presentation (cf. Fig. 12.5). This was intended to convey a more authentic product image and place the experience in the foreground (Adesso 2020).

The result: The majority of customers had a more intensive virtual scent experience compared to the test with the paper strip. As a result of the more intense experience, customers were able to make a better product assessment and had a significantly higher willingness to buy overall. The sensory-tuned and virtually enhanced product experience was a complete success and was nominated for the Science Award 2019 and has already received an award as the best final year project (Adesso 2020).

According to a report by PwC, the use of VR (virtual reality) and AR (augmented reality) in the retail and consumer goods sector is expected to grow global GDP by over EUR

Fig. 12.5 Customer with VR glasses during virtual fragrance sampling. (Courtesy of © Adesso 2020. All Rights Reserved)

200 billion by 2030. With the help of VR and AR, retailers can inspire their customers to make (more) purchases with virtually extended store shelves, virtual changing rooms or applications of how furniture would look at home (Ebner 2020).

12.3 Conclusion: More AI in "Multisensory" Stationary Trade

Even though current AI use cases such as smart displays, AI-powered tablets, or image recognition of purchased goods are still technically in their infancy, it is expected that AI will develop strongly in the next few years due to enormous advances in high computing performance that can process ever larger amounts of data in less time.

For brick-and-mortar retail, sales-oriented apps with integrated payment functions that enable customers to make better brick-and-mortar purchases will be the future. Retailers must understand that customer orientation is defined from the perspective of the customer and not from the perspective of the salesperson. Stationary retailers must enable customers to prepare and/or accompany their shopping digitally (Texter 2020). Artificial intelligence systems can support retailers in this process, especially in customer advice and customer communication. To implement personalized advice through AI, retailers need a customer dialog system that can "think for itself" and provide case-specific support. However, the benefits of such a system can only manifest themselves if brick-and-mortar retail opens up more to the new digital possibilities and, in particular, if the online world does not exist separately from the offline world. So far, retailers are still skeptical in this regard and point to the high investments associated with digitization, even if the high innovation character is clear and understood. The study "The challenge of digitalization – where do retailers stand today?" by ECC Cologne in cooperation with plentymarkets from 2016 also shows that the uncertainty of companies regarding the cost/benefit aspects is unfounded (ECC 2016). Rather, the study confirms that digitization processes in the ICT (information and communication technology) environment have positive effects in terms of customer satisfaction, sales, costs and time. Thus, AI can support retailers to play to their recognized strengths – personal customer contact and the creation of a positive customer experience. And customers can enjoy the convenience of digital commerce in-store, along with the improved quality of care provided by brick-and-mortar retail through AI personalization, enabling a maximally positive, multi-sensory shopping experience. Finally, the "ON4OFF Reference Model for Retail" (cf. Fig. 12.6) once again illustrates the interrelationships necessary for this (ON4OFF 2019).

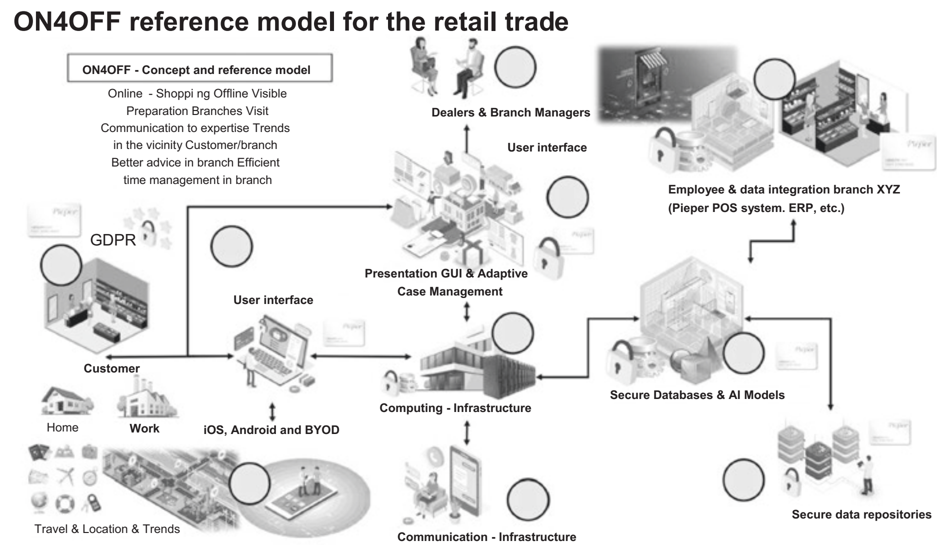

Fig. 12.6 ON4OFF retail reference model. (Courtesy of © ON4OFF 2019. All Rights Reserved)

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13 Digital Presence in Physical Shopping: From a "Benefit-Oriented Approach" to Successful Customer Engagement

Pierre Gervais Farine

Abstract

Customer-centric implementation means that in the course of implementation, the focus is on the target group of customers and we have to concentrate on their senses, i.e., multisensory communication with the customer. This communication must first and foremost be goal-oriented and also beneficial for the end customer. In addition, a holistic approach to implementation is necessary, which takes both the retailer and the end customer into account. This consideration must be applied to the entire customer journey, the individual customer touchpoints, the corresponding customer experiences and the customer engagements to be expected from them. In this chapter, this approach is explained using examples on the one hand and a proven consulting methodology on the other. The developed model makes it possible to develop multisensory experiences in a simple and structured way in order to realize and operate successful, customer-centric implementations with meaningful embedding of technologies along the entire sales process.

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13.1 Customer-Centric Digital Solutions in the Analogue Shopping World

Today we know that the factors of successful shops are manifold and complex. Products, prices and assortments, brands and values, space and competition, strategies and target groups, investments and intended sales successes, etc. must all be taken into account and coordinated in the conception of new shops. In the context of multisensory implementations, the field must be narrowed somewhat in this chapter. The focus here is on the consideration of multisensory experiences through the lens of the customer.

To look at customer-centric, multisensory experiences, the first thing to do is to take the perspective of the customer, and then at the same time to structure and describe these emotional processes into clear events – which actually sounds contradictory in itself: processes and events, or emotions and descriptive structures. However, this is exactly what makes it holistic, as both our right and left brain hemispheres are used for this.

The following examples are intended to illustrate this approach. On the one hand, the customer journey is to be considered as a whole and on the other hand the individual touchpoints. These touchpoints are to be differentiated according to their importance in order to create a successful customer experience that leads to a successful sales transaction and a satisfied customer. The continuing Journey – from sustainable customer care to customer retention in aftersales – is also important, but will not be discussed in depth here. In the following examples, the events from the customer's point of view before and during the purchase will be considered. This mainly with a focus on his emotional and mental expectations. This can create the tools to meet expectations with positive experiences. After all, we all want satisfied customers who are happy to share their positive experiences and become loyal fans.

13.2 The Customer Needs a New Mattress

In the following example, the demand-oriented purchasing process for consumer goods of a customer is differentiated in various phases from different perspectives. The customer's point of view and the customer's expectations are presented. The optimal handling of this is supported by useful technical aids and paired with skilful consulting services from the retailer. The goal is to ensure a positive sales experience and a successful conclusion of the sale. The purchase of a new mattress is chosen as a concrete application example. This can be adapted to any demand-oriented buying process, both for consumer goods and for capital goods.

13.2.1 Events Prior to Purchase

Once the need for a new mattress has crystallized, the customer is primed, meaning their eye is caught wherever sleep products are available, whether in the shop windows on the way to work, in the print media, while strolling through the city or online on the web. Every evening, before going to bed, the topic is more relevant than ever. The customer is mentally set on buying the right mattress at the ideal price, from the ideal retailer – the field of expectation is created and nurtured.

In addition, the corresponding research also takes place – including online, of course. Various online offers show product comparisons with ratings – also those with a corresponding seal of approval from consumer protection; e.g., Kassensturz or Stiftung Warentest. There are also many allegedly neutral comparison sites, including portals that also link to the providers. Different pages are visited and marked to get the right information. Thereby traces are left everywhere and cookies are collected. The online visit the next morning reveals all the sites visited, which know how to use these "crumbs" correctly and now remind the customer of his intention during the day. The test reports are read carefully, the variety of products is reduced by personal values and budgetary restrictions. Now it moves into the product selection, whereby exactly here customer reviews are very important to form one's own opinion. Now the customer has arrived at his top 5 products, where quality, performance and price are right. The other bases for decision-making and differentiating features are also right, so that other products have been excluded. The customer sees himself as a connoisseur approximately around the questions of sleep mattresses and, at least in the private setting, dares to present to himself well-justified arguments for his Top 5 mattresses. In his head he is ready for the purchase – only in the heart not. How should the customer convince himself with certainty? Order the Top 5 mattresses home to try them out? No, probably not. So the customer goes to the shop that promises him online to have his top 5 mattresses ready to try out in a real shop near him.

13.2.2 Events and Emotions Before and During the Purchase

Now the time has come. The customer has a fixed appointment to combine his technical knowledge with emotional experiences as a mattress connoisseur: the mattress testing is imminent. Upon entering the department, the customer feels a sense of anticipation and reveals himself as a customer who wants to try out the top 5 mattresses reserved online in order to finally experience them. The consultant greets the customer in a friendly manner by name, who feels personally welcomed as a result. The sales assistant leads the customer to the free-standing information terminal, next to which five beds are ready and waiting – each equipped with one of the five mattresses pre-selected online. The consultant invites the customer to try out the beds independently and then to rate them via the digital terminal or mobile phone. This is followed by the consultation. However, this process is not mandatory. Depending on the affinity to digital, the consultant would also “accompany” the customer during the mattress testing. Either way, the consultant assures each customer that the beds have been freshly prepared and disinfected for them, both to eliminate concerns beforehand and to bring the upcoming experience to a good comfort level. The customer is ready and gets involved. He tries one mattress after the other. During this process, he is invited via loudspeakers to breathe in and out deeply, to let himself fall and feel his body; to smell the surroundings, how fresh this mattress smells and how quiet it is when the customer turns around. In addition, he is invited to fill out each of the help tools, because as an expert he is confirmed in his choice. Right there, he is shown another component that is known but not yet considered: the right bed base. After the mattress test, the consultant joins in and discusses the evaluations with the customer. In doing so, he actively brings in the mattress grid consultation component to again test the top 5 mattresses on the ideal bed frame. This is how the mattress is sold – the bed frame is an important and necessary additional sale. Analogously, as we all know, the right pillows are also important for a healthy sleep. Such items can then easily be tried out on the preferred mattress and should land likewise into the purchase basket. Finally, the wellness aspect with the covers, mattress protectors, down duvets or other bedding is also an important part of the customer experience. They also want to be felt and tried out. This is where the consultant can shine by using the right interactive application to consolidate the customer’s buying confidence through the terminal, which is mostly operated by the customer himself.

All potential additional sales are clearly and completely described in the tools, supplemented with transparent reviews and taken into account in the sales process in the bundle or linked to the first purchase decision. Of course, everything comes with a right of return, including the familiar omnichannel services, such as home delivery – which means true added customer value for beds, mattresses, pillows and duvets. And if required, it is also easy to refer to the instalment payment options, because after all, we don’t buy a bed every day, but we will certainly enjoy it properly every evening, usually for several hours. As is well known, a good night’s sleep in a good bed is said to prolong life.

13.2.3 Guiding Emotions Before and During Purchase

The good feeling results on the one hand from the guided pre-selection of the top 5 mattresses and on the other hand from the competent advice of the dealer on site. So it is also legitimate that the shop shows its dealer margin or its service costs as a surcharge. The customer meets the consultant as an equal, as he knows the prices for his part and has become a connoisseur through his own research. The consultant, for his part, knows the customer’s requirements before the appointment and can optimally prepare the pre-selection in order to then also generate sensible, well-founded and interestingly priced additional sales.

The experiences are predestined to stand out. The multisensory implementation in this case would be the online presence, which takes up the needs structure of the customer, in order to invite him afterwards to try out the products on site.

The atmosphere in the test mattress area is central. Is the light too bright? Are other customers passing by disturbing? Or is the light subdued as if before falling asleep? Is the music quiet and contemplative? Is the scent appealing and has it got recognition value? when the products are delivered to the customer's home, it should smell as similar as possible. Of course, the store design has to be efficient for the business, but wouldn't it make more sense to align the warehouse and showroom based on the needs of the customers? And with mattresses in particular, privacy is crucial.

13.2.4 Synthesis of the Purchase Process

To sum up:

- The right message in the right place directs customers.
- The right service and the right staging motivates customers.
- The right product in the right customer context convinces the customer.
- The right product with the optimal customer experience is what the customer buys.

From this perspective, customer requirements and needs can be identified well in advance. Therefore, accompanying the customer already in the process of pre-selection and product comparison becomes very important. For this, the customer journey must be known, as well as the effect of the individual touchpoints.

Analogously, the customer journey in the store must be understood and the individual touchpoints must be used sensibly. The sales consultants must also tune in accordingly and prepare themselves specifically for this.

For example: When I enter the shop, as a customer I can already see on the digital displays that my top 5 mattresses are being tested here. On the in-store radio, I hear customer reviews that praise the experience. The fixed appointment with a consultant and his personal greeting make me feel comfortable, addressed directly and taken seriously – after all, my top 5 mattresses are built.

13.3 Overall View of a Customer Journey

In order to do justice to an overall view, we use the model of an extended customer journey and its intermediate stops (customer touchpoints), which describes the customer experiences on the one hand and customer actions or purchase decisions (customer engagements) on the other. The goal is the meaningful embedding of beneficial technologies in the successful sales process. Whether as an effective individual touchpoint or orchestrated with other touchpoints, it is important to ensure the necessary bridging between the online and offline worlds. To achieve this, omnichannel and digital store communication concepts must be cleverly linked.

13.3.1 The Customer Journey Simplified in Four Areas

The customer journey begins at home (“At Home”), whether in front of the large screen of the TV or computer or on the small screen of the tablet or mobile, whether watching TV, surfing online or reading the news (see Fig. 13.1). The customer forms his first opinion via these screens; whether passively by absorbing information or by actively researching and obtaining information. In the so-called “Out of Home,” i.e., away from home, he perceives further information, advertisements and other such things. In search of a certain product he visits shops. In front of the shop (“At the Store”) his attention is greater, because he wants to go to this shop. The greatest attention is “Instore” or at the product. This cycle

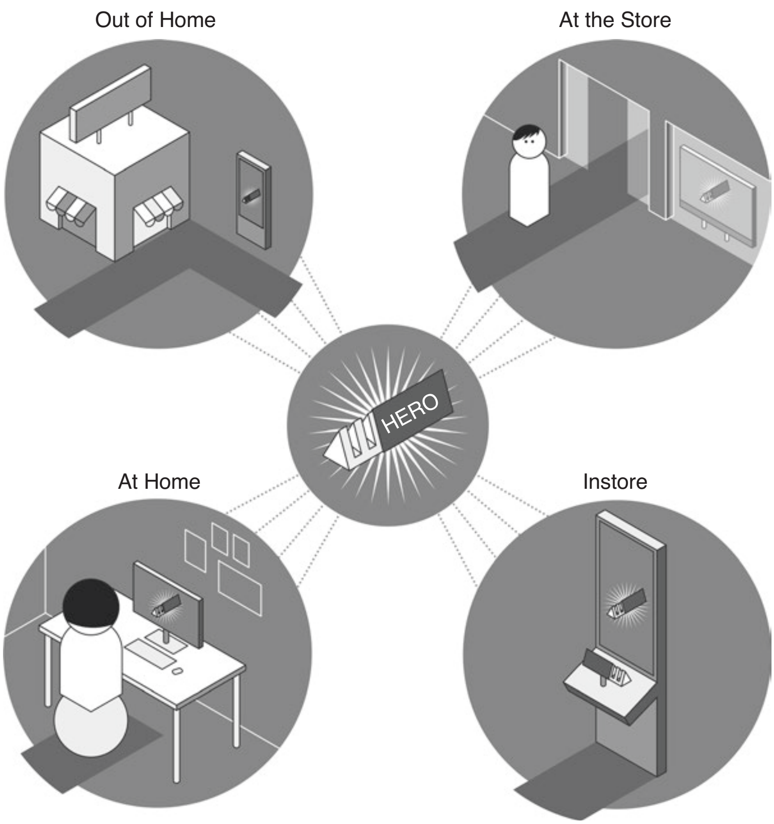

Fig. 13.1 Customer journey simplified into four areas. (Courtesy of © screenFOODnet 2020. All Rights Reserved)

repeats itself until the product is purchased; then the cycle repeats itself to confirm the purchase or in terms of after-sales activities.

13.3.2 The Extended in-Store Customer Journey

The so-called extended in-store customer journey, i.e., the customer journey that the customer experiences during a visit to a brick-and-mortar store, is composed of the different experiences at the respective touchpoints (see Fig. 13.2). These touchpoints should in turn trigger certain actions in the customer, i.e., certain customer engagements. It is therefore becoming increasingly important to orchestrate these optimally. In order to enable the necessary flexibility in addressing the customer and to coordinate the touchpoints with

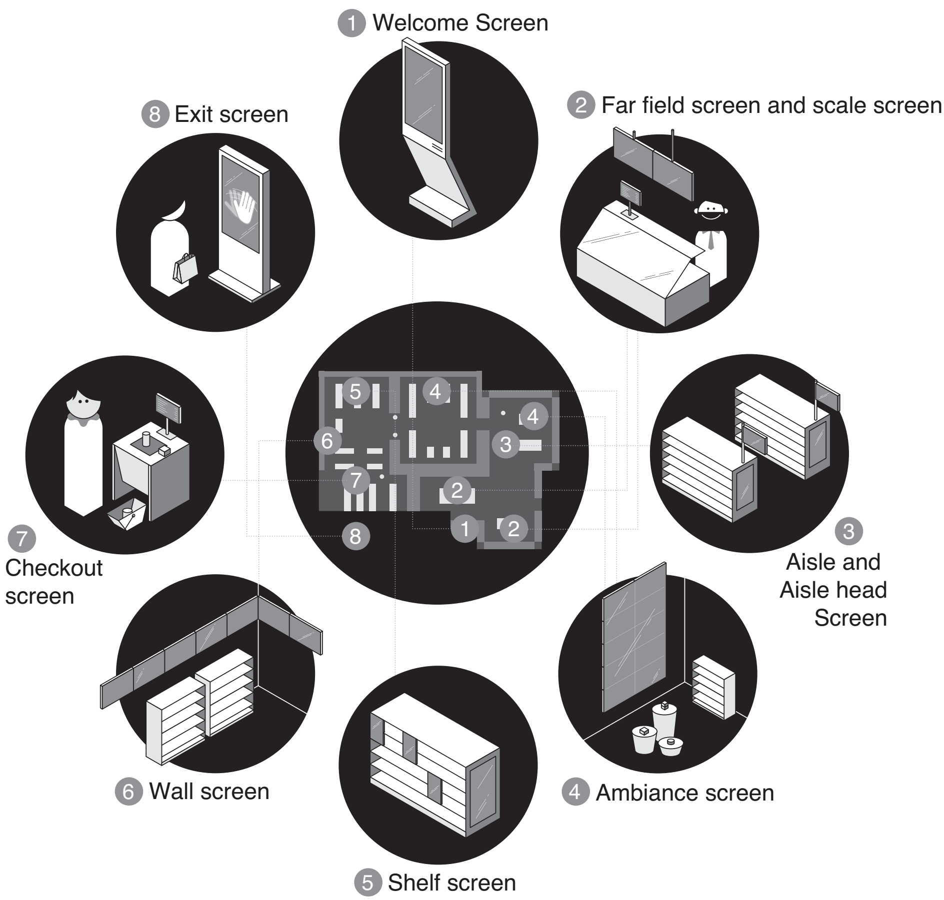

Fig. 13.2 Extended customer journey – In-store customer touchpoints. (Courtesy of © screenFOODnet 2020. All Rights Reserved)

each other, technical solutions must be placed in a clever and benefit-oriented manner. Touchpoints at the entrance, so-called welcome screens, greet customers in a dynamic and friendly manner, especially when they are used to control the entry of people, e.g., in the case of the Covid-19 pandemic. Touchpoints for orienting customers are, in the best case, dynamic and replace traditional floor displays or are developed into modern interactive wayfinders and product finders. Ambient screens are designed to engage customers emotionally and inspire them in each department. Aisle, gondola and wall screens are to draw attention to specific products and offers. Product screens are to provide customers with interactive advice. The exit screen bids the customer a friendly farewell and wishes them a safe journey home. Any number of touchpoints are needed depending on the intention and benefit. Which touchpoints are placed and operated where with which benefit is explained in the following section.

13.4 Methodological Approach

Over the past 20 years, screenFOODnet Digital Signage Retail Services AG has successfully implemented and commissioned a wide range of multisensory touchpoints in various customer projects. One thing has been clearly recognised over all these years: Every retailer is unique with its concerns. Nevertheless, a pattern has been identified that distinguishes successful touchpoints from others. These patterns have been collected as insights and have matured over time and evolved into a proven methodology that has been established as part of the consulting model. At this point, an excerpt of this method is briefly presented.

One thing first: Touchpoints are successful when the end customer uses them repeatedly because they bring him something. Furthermore, touchpoints are successful from the retailer's point of view if they fulfill or even exceed the business case. That's why we're talking about projects here, which have to be approached holistically.

The uniqueness of each individual retailer fundamentally influences the configuration of optimal digital in-store communication. It is therefore important that the goals, ideas and requirements correspond to the retailer. The customer benefit of the digital touchpoint is the focus of all questions. The customer here is the end customer, i.e., the user who has this multi-sensory experience at the touchpoint itself.

Therefore, a holistic perspective must be adopted when considering the five topic areas (cf. Fig. 13.3). This is best ensured by the participation of interdisciplinary participants in workshops, who contribute the basic requirements for "their" individual and suitable multisensory solution. The work should be benefit-oriented in order to examine the projects from a wide variety of perspectives.

The proven screenFOODnet consulting methodology creates a common understanding of all parties involved for the future solution. In joint workshops, we develop the basic requirements, enable the transfer of knowledge to the retailer (stakeholder) and create the definitive concept. This also includes the formulation of ideas from the customer or the

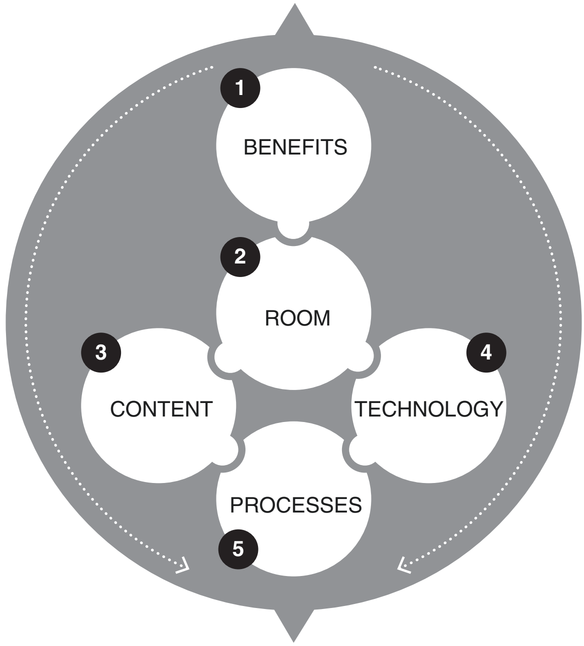

Fig. 13.3 ScreenFOODnet advisory model. (Courtesy of © screenFOODnet 2020. All Rights Reserved)

development of completely new approaches. This can be cross-group as well as brand-specific – but also cross-touchpoint or touchpoint-specific. Here we focus on "inclusion." This means that many employees from as many different departments as possible come together to develop the most holistic solution possible.

In these holistic projects, we focus on five thematic areas in the course of the consultation, which are worked out sequentially one after the other (cf. Figure 13.3).

These five topics are interrelated and interdependent. If this procedure of consistently working through these five points is applied, it results in more successful projects: on the one hand, for the end customer in the shop when using the multisensory touchpoints and on the other hand, for the retailer in achieving his goals.

13.4.1 Benefits: Identification of the Goals and Benefit Requirements (of the Retailer) Aligned with the Target Groups (End Customers, Consumers)

What is to be achieved? What exactly does the retailer want to achieve? Alignment with the strategic objectives of the retailer is just as important as alignment with the benefit requirements of its end customers. If the retailer wants to sell more mattresses, he must understand the customer. That is, he must know the customer's expectations, emotions and intentions. And the retailer must know how best to deal with them in order to generate true value for the customer. A benefit that the customer will get precisely from this retailer and precisely from this experience.

Many typical goals from the retailer's point of view are: More revenue through more sales and through larger shopping baskets, less effort through efficient, effective and closing-oriented consulting, shorter sales cycles with effective sales closings, etc. For the customer, his true benefit is to get the right product at the best price – which in process terms stands as a counter movement to the retailer's benefit. But at closing, the benefit should be congruent for both the customer and the retailer. Therefore, it is important to identify and record the true benefit and the goals.

13.4.2 Space: Definition of the Spatial Conditions and Points of Contact with the End Customer Based on the Customer Journey and Its Embedding in the Multisensory Concept

What is the space like in which the aforementioned goals and benefits are to be achieved? Where does the customer come from, where does he go and where does he decide what and why? Or, in other words, how is the customer journey structured, what are the customer touchpoints? For example, starting with the initial need to buy a mattress in one's own bed at home, through the perception of all the possibilities of bedding online and offline and its product discovery/narrowing down, to the visit to the store – i.e., before the store, in the store, in the department, at the product and at the conclusion of the purchase, in order to end the journey happily in bed at home for the time being. What are the customer experiences and what spatial requirements must be met in order to proceed in a goal-oriented manner in the sense of multi-sensory? For example, when buying a mattress on the sales floor, i.e., where the purchase decision is made, the following points must be taken into consideration: appropriate privacy, adapted lighting conditions, soothing music, pleasant scent, visible and correct hygiene, inviting and practical interior design (materialisation, furniture, technical equipment, etc.) in order to meet the user-oriented requirements. Here, from the bedside table, accessibility to the consulting or self-counselling tools should also be made possible, which can be easily integrated into the sales conversation at any time, whether a tablet, a touch screen attached to a flexible arm or a gesture-controlled digital display on the ceiling above the bed.

13.4.3 Content: Determination of the Content Requirements as Well as the Influencing Parameters and Existing Source Data for a Successful Customer Experience and a Clear Customer Engagement, as Part of the Multisensory Concept

"Content is King" is often said – but "Context is Emperor" is becoming more and more true. Therefore, it is important to understand in which context the content is addressed, to whom and what is being pursued. Where is what communicated in a benefit-oriented way? Which data (source data) is already available in the company and can be used via interface? When are supposedly general messages and information to be differentiated from personal messages to the customer? When can the customer be subtly addressed personally without violating (perceived) privacy? Which advertisements are appropriate when, where and how? For example, when buying mattresses, it is particularly important that the customer's expectations are also met with appropriate content, i.e., that his pre-selection is addressed. In doing so, the salesperson can expand the customer profile on-the-fly in order to then also recommend the appropriate bed frame, the corresponding pillow and other additional products. Thus, content would be appropriate at the entrance, which gives the customer the feeling that he is in the right store with his expectations: whether through strong statements from customers, confirmation of competence through the number of satisfied customers or by showing the mattresses selected by the customer with the purchased additional products up to the customer welcome to the consultation appointment and customer guidance to the respective department, where the sales consultant is already waiting for him.

13.4.4 Technology: Evaluation of the Most Suitable Technology Components as Well as the Coordination of the Source Data to be Connected and Definition of the Integration into the Already Existing Infrastructure, Taking into Account the Existing Company and IT Guidelines

Technology does not only mean the hardware that has to be procured in the context of the space, the content and the use, but also the software and its connection, as well as the network technology and IT security, etc. So not all technology is the same. The main reason for this statement is the defined benefit. Should something short-term be created here, which can be procured cheaply and can then also be easily dismantled and disposed of, or is a fixed installation necessary, which is operated sustainably? In most cases, the trade believes that it can procure the necessary technical components for a specific purpose. However, this is critical, as it is a question of an infrastructure that must meet the need for flexibility and stability, as the product range is constantly changing. At the latest, after a technical component has been put into operation, the flexibility of the technology is put to the test or its limitations are recognized. A fitting comparison is the family car, which is procured for the family purpose, but can still be used alone or with other passengers. Thus, technology must be well considered and procured in a way that is appropriate for its use – especially considering the investment volume. When buying a mattress, for example, it is important to ask the right question. How does the interactive surface come about and does it meet the requirements (benefit, space and content)? Is the tablet suitable for the customer experience? Can this technology be cleverly secured from tampering, both physical and digital? Or does it need a TV-like touchpoint that can be operated remotely via remote control or even gesture control? How does the consultant intervene and bring important decision-making arguments into the sales conversation? Or how is a customer served who does not want to control the technology himself? Where does this data come from and how is it linked? How is it automatically transferred to the screens of the touchpoints? How is the customer's selection transmitted to the checkout at the end of the transaction? But questions around the handling on the shop floor (configuration, cleaning, maintenance) have to be clarified as well.

13.4.5 Processes: Integration into the Existing Processes as Well as Possible Definition of New Processes for a Smooth and Secure Process, Taking into Account the Existing (IT) Guidelines and the Existing Organization

The processes described here are to be understood very broadly, since not only the processes in the course of procurement and commissioning are explained here, but also in relation to the holistic operation by all involved stakeholders. We are talking about the content, the technical and the spatial processes, which have to be defined in order to function properly during operation. In terms of content, this means how is the content maintained and how does it get to the touchpoints and when – automated as much as possible, of course, where it makes sense. How is the technology operated, monitored and maintained in case of failures? How is this technology cleaned by the cleaning specialists? How is it prepared by the sales staff and consultants and used in a target-oriented manner? How is the success measured? And how can possible optimizations be derived and implemented? For example, when buying mattresses, the aspect of processes should be integrated early in the customer journey, as the initial contact will mostly be made online. The use of cookies should embed the customer in the sales process (sales funnel) so that they can specifically compare and select the products to be tried out during a consultation appointment in the store. Likewise, the processes must function seamlessly for the customer, i.e., from fixing the appointment, getting directions to the branch and customer guidance to the department, to the correct customer greeting and the mattresses prepared for trial lying. The appropriate additional products must also be ready, both virtually and physically correctly embedded into the sales presentation. The sales staff must be instructed in new processes, as must the cleaning staff.

13.4.6 From the Five Building Blocks to the Overall Concept

Based on the compiled information, the overall concept is created, which serves as the basis for a target-oriented digital in-store communication solution and prescribes the exact requirements of the corresponding multisensory touchpoints.

It is important that, analogous to online marketing, a continuous measurement of success takes place. What does that mean? Every well-planned multisensory application pursues goals that must be measured. This is the only way to optimize it iteratively. Therefore, the five steps can also be discussed and optimized again when looking at the KPIs (Key Performance Indicators). In this way, this cycle of the methodology can be run through several times in order to optimize step by step.

Every multisensory application must create added value for the customer and the retailer, so that the set goals can be achieved in each case. Integration into the existing retail environment and consideration of existing processes are a matter of course. Last but not least, a successful customer experience is the sum of the experiences in the context of the coordinated customer touchpoints on his way (customer journey). Seen in this light, the formula applies: PKE × CT = CEI.

PCE stands for the number of positive customer experiences. CT stands for the number of customer touchpoints. CEI stands for Customer Engagement Index and is a number that describes the customer interaction to be used as a success factor in the overall design. Thus, this value can also be compared well in the project iterations and optimizations.

13.5 Acting Skillfully Instead of Reacting

The proverb translated from Latin "Forewarned is forearmed" does not, in my opinion, describe it to: clearly as it is used in French: "Mieux vaut prévenir que guérir," which translates to: we are better off taking precautions and measures in advance rather than suffering afterwards and slowly recovering or recovering from it. This describes the situation we encounter with most brick-and-mortar retailers in relation to the online channel. This is because most brick & mortar retailers failed to take early precautions to avoid today's difficulties as much as possible. It would have been so much easier to recognise the growing importance of online retailing much earlier and to have invested there for the long term, rather than trying to fix this today as a painful problem in the short term. Looking back, we can say that we neglected customers for the most part. We failed to look closely and question what consequences a globalized digital world would bring to retail if we put the customer at the center.

From this perspective, one could argue that these mistakes are being repeated right now in the 20s. Online channels are served as silos. The understanding of omnichannel is limited to a linking of the purchasing processes between the stationary trade and the online trade – around the topics of products & specifications, variants & alternatives, prices & price comparisons, availability & deliverability, customer ratings & comments, etc. However, the customer-centric view is mostly oriented towards processes and less towards customer sensations & emotions. There is hardly any online retailer that exploits the full potential of both worlds, although the advantage is clear: "Research online and try in-store." This means that any omnichannel customer journey that doesn't end in a sustainable sale – although the customers would be fundamentally convinced if they could just touch the product – must now necessarily be transformed into a multisensory experience. Optimally, this is done seamlessly, for example, by pointing out that the products are available to try out, compare, test, etc. in the store around the corner. In addition, a consultation with an expert would be arranged on request, so that the customer can see for themselves the products that can be experienced and get professional expert support in trying out the products. These experts could also be brought in via digital channels (e.g., video conferencing). As a consequence, not only the store concept needs to be rethought and realigned accordingly, but also the product procurement processes and the sales processes need to be holistically realigned. Last but not least, the sales staff, who must be à jour, appropriately trained and mentally interested, in order to actively support the customer emotionally and professionally.

13.5.1 Generic Example

Year after year, new products come onto the market that did not exist before. On the one hand due to the technical possibilities (miniaturization, networking, digitalization, etc.), on the other hand due to the entrepreneurial development of companies (innovation management, startup mentality, business development, etc.). Old problems are solved in a new or different way, which also replaces and displaces old products.

What is the biggest benefit here? For the manufacturer? For the retailer? For the end customer? Many of these products and solutions require appropriate explanations and explanations, i.e., concrete advice. Most of these products do not yet have experts. And in the case of new products, real customer testimonials are also rather rare. From this point of view, trust through personal and positive experience with the product is the most important sales argument.

Where would be the ideal space to experience these products? Only virtually online? Or also physically offline on site, i.e., in a stationary shop? How and what content is needed here to meet customer requirements; to make the product haptically tangible? Of course, most new products are launched in such a way that online explanatory and test videos show the advantages. Many of these go in the direction of “commercial presentations” and encourage customers to buy online immediately – but this often doesn’t work. None of these videos invites the customer into the store to try out the product immediately.

Which technical requirements have to be fulfilled in order to meet the demands of manufacturers and retailers? The technical possibilities today make it possible to mention the nearest shop that has the products available in the course of the solutions/products presented online in order to invite the customer to try out these products on site. The online frequency should not only be measured in the form of conversions in sales deals, but also in the form of conversions in customer visits to the stores. In order to measure these KPIs sustainably in the stores, the corresponding multisensory customer experiences must be created via new digital touchpoints – and thus also, a completely new shopping experience.

Fig. 13.4 Product platform with digital support tools. (Courtesy of © screenFOODnet 2020. All Rights Reserved)

What would such a touchpoint in the room have to look like in order to meet the user requirements? Which content-related and technical requirements would have to be met? How would the processes have to be defined in order to ensure flawless operation? The idea is to present the desired product on an appropriate pedestal (see Fig. 13.4). There, the customer can touch, try out and test the product. In addition, the customer can interact via a multisensory digital interface. Initially, via a touch screen, later via augmented reality (AR) glasses. Sensors detect movements and gestures, cameras and microphones allow video conferences with experts etc.

On the one hand, the customer can be passively multimedia-streamed by the product – with digital content around the product. Whether with video from the screen and audio shower, where the sound is only audible to him, or via AR glasses, which have integrated video and audio – both increase the emotional experience.

On the other hand, by touching the (virtual) touchscreen, the customer can easily and quickly bring the information he wants onto his screen. This way, the necessary information from the online visit is shown. Further information is available from the product itself. For example, personal advice is provided by the connected expert via video call, who is also already expecting the customer at the booked appointment. This consultant is optimally prepared as the customer's online data is available to him.

Now, every step is documented in real time and immediately evaluated to ensure an ongoing review of the KPIs, to be able to derive improvement measures and to guarantee regular optimization. How far an analysis can go is individually limited and also regulated by the data protection of the respective legislation. Nevertheless, biometric data could be used to recognize the customer, with his explicit consent. Thus, the customer would continue his "online" session "offline," thanks to facial recognition or recognition of his fingerprints on the touchscreen.

The interactions, whether alone or with the consultant, could also be continuously analyzed. Certain keywords are immediately recognized by speech recognition. On the one hand, these are used for statistical evaluation, and on the other hand to mark the sequence within the ongoing video recording of the sales conversation, in order to conduct market research easily and efficiently afterwards. Sales conversations can also be optimized, analogous to a hotline conversation, which is also recorded in most cases today – with the purpose of improving the service.

But most important are the end customers, who learn and experience new things in the shop, discover new advantages and personal benefits, know exactly where the products are now available and buy them right away.

The customer informs himself online and buys offline, which underpins the urge for shopping experiences. The customer benefits just as much as the retailer and the manufacturer. Digitally accompanied transactions allow structured measurement and optimization. Manufacturers can improve products based on these insights. The optimizations in turn delight the end customers with better shopping experiences. And the positive experiences of customers are a new currency for retailers to measure their success – in addition to sales figures. Because then the customer likes to come back because he remembers the good experience.

13.5.2 Example b8ta (beta)

One company that already practices this form of shopping in the USA is B8ta (https://b8ta.com/). They sell these platforms to the manufacturers and advise the customers on behalf of these manufacturers (cf. Fig. 13.5). At these digital consulting tables, they collect data and feedback, optimise the consulting sessions and exploit the data for the manufacturers. For a long time, only advice was given and not actively sold. That is, customers were advised in the shop to find the best price online and buy there. Today, Beta operates its own online shop, which makes a large share of sales with the deals made by the consultants on the sales floors of the more than 20 shops (as of May 2020). (b8ta 2019).

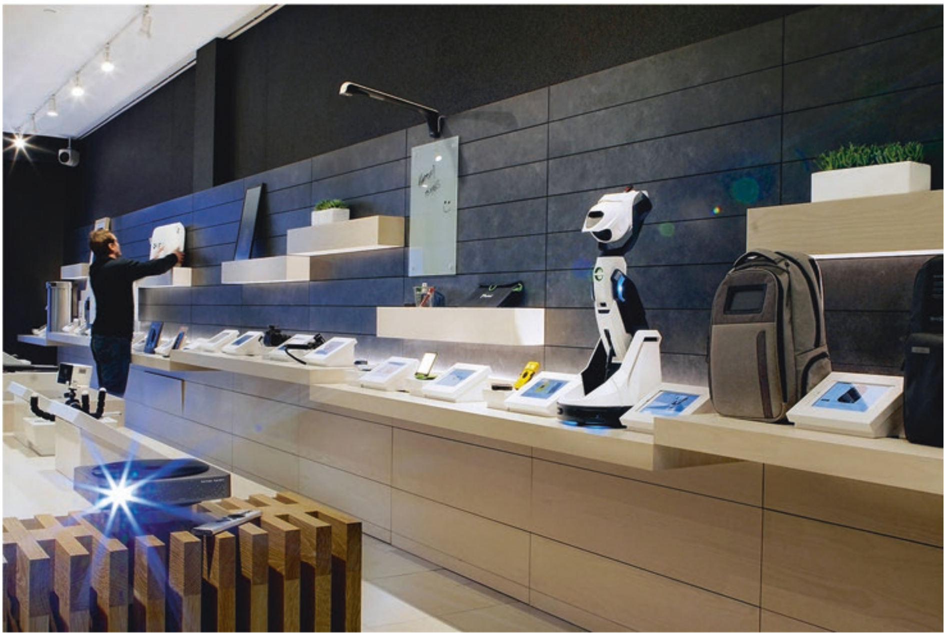

Fig. 13.5 b8ta shop in Santa Monica. (Courtesy of © b8ta 2020. All Rights Reserved)

13.5.3 Bonprix “Fashion Connect Store” Example

Furthermore, the implementation of the company Bonprix (https://www.fashion-connect.store/de-de/) is also very successful, because the customers were strongly involved in the development and conception of the new Bonprix concept over several years. This means that true customer benefit could be understood and implemented very well, so that this implementation also brings a benefit to the retailer. Customers select their products from those displayed on the sales floor and add them virtually to their digital shopping cart on their mobile phone by scanning the barcode. In this way, the customer can shop at her leisure or add the desired products to her shopping cart while these products are being prepared in a fitting room. The customer is then invited to try on these clothes in her size in the changing rooms. Behind a wardrobe door, the customer finds her clothes – almost like at home. If something doesn’t fit, the customer can simply hang the garment back up and close the wardrobe door, as well as digitally request another size. In the background, an employee exchanges the garments. Comfortable shopping, without lugging. Comfortable trying on without leaving the changing room. And easy payment via the app, without having to queue at the checkout. (Bonprix 2019) Cleverly implemented (cf. Fig. 13.6).

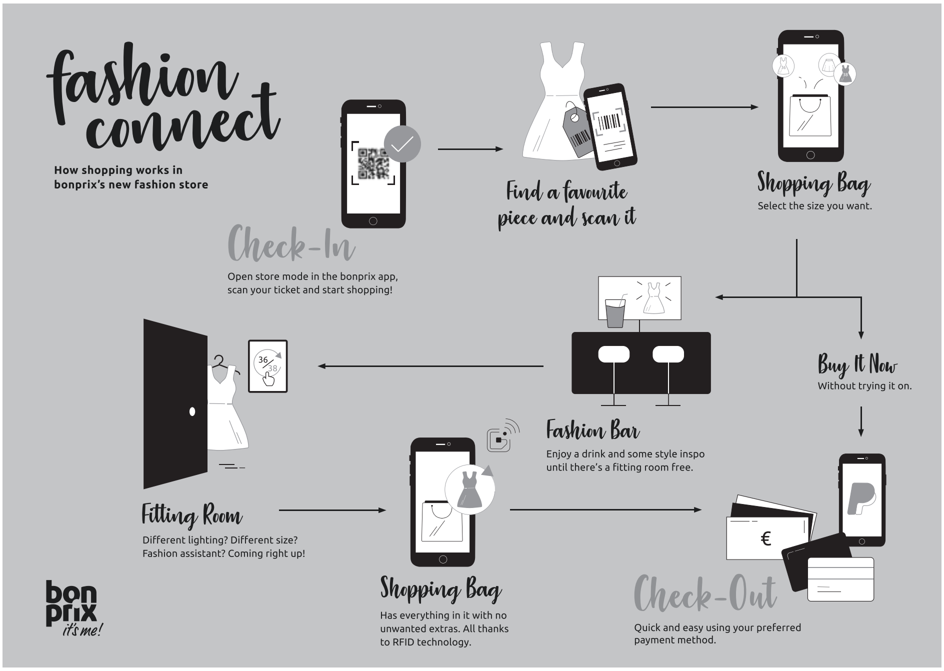

Fig. 13.6 Instructions fashion connect store by Bonprix. (Courtesy of © bonprix 2020. All Rights Reserved)

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14 Consumer Experience Through the Use of Mixed Reality in Shopping Environments

Christian Zagel

Abstract

Dressing rooms are one of the most important elements in the clothing business. Despite their importance for both customers and businesses, their appearance and function have hardly changed in the last 100 years. This paper presents the concept of an interactive changing room developed based on a human-centered design approach. A combination of various technologies such as RFID, touch-sensitive surfaces as well as powerwalls is used to create an immersive, virtual and multi-sensory shopping experience. In addition to supporting the customer during the fitting and buying process by offering detailed product information, the system also enables the connection to independent recommendation systems and social networks. The system is specifically geared towards the target group of Generation Z, i.e., 14–25 year olds, and aims to create a completely new experience by enhancing the emotional aspects. Design recommendations are derived that can be transferred to other systems.

14.1 Problem Definition

In the modern knowledge society and service economy, companies try to shine above all by offering a wide variety of services. These are often provided with technical refinements in order to stand out from the competition. However, the neglect of general psychological aspects, especially usability, user experience as well as the joy experienced when dealing

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with new media often leads to a lower acceptance by the users. Especially with regard to the younger target group of digital natives, differentiation by offering innovative application concepts is promising. Expectations range from increased sales and higher customer loyalty to the creation of a completely new brand experience through active and positive word-of-mouth propaganda. One way to achieve this goal is the use of new technologies in retail, for example from the areas of mixed reality, human-machine interaction and ubiquitous computing.

As part of the research project "Service Fascination" (cf. Zagel 2016), the aim is to make services in retail environments in the apparel industry more attractive to young customers through the use of technological innovations and thus to differentiate companies from their competitors in terms of innovation leadership. Although the customer group with the strongest purchasing power is significantly older, it makes sense for companies in the consumer goods industry to shape new customer generations at an early stage and to positively shape opinion formation towards brands and their products (cf. Barrett 2000). Furthermore, children and adolescents often influence the consumption habits of their parents. Special focus is on a consistent support of the customer in the buying process, the redesign of selected customer contact points, as well as in addressing cognitive but especially emotional elements.

The findings are illustrated below using the example of an interactive changing room, which, as one of a total of five systems developed in the research project, places particular emphasis on a multisensory experience in the consumer journey. By mixing the real and the virtual world, an immersive shopping experience is created that is geared towards the needs of young customers. The aim is to support the fitting process in the best possible way through the use of technology and to make it pleasant and extraordinary. Upon entering the fitting room, the customer is transported into a virtual world, which presents the product in the respective context (e.g., outdoor clothing in a mountain landscape) by integrating three-dimensional animations on large projection surfaces. The integration of auditory elements enhances the immersive effect. By linking with social media elements and the possibility of giving product feedback at the point of sale, additional trust is created. A unique selling proposition is created, which enables companies to stand out from the competition.

14.2 Managing Customer Experiences in Shopping Environments

The construct of customer experience (CX) goes back to Holbrook and Hirschmann (1982), who recognized the importance of emotional factors in the buying process as early as the 1980s. The fact that the concept is still relevant can also be seen in more recent publications. For example, the experience-oriented perspective, which places symbolic, hedonistic and aesthetic motives of consumption in the foreground of consideration, is still gaining in importance for the authors Bruhn and Batt (2011).

The consumer experience refers to the internal and subjective reaction that customers show to direct or indirect contact with a company. Direct contact usually occurs as part of the purchase, use of the products or service and is usually initiated by the customer.

Indirect contact usually involves unplanned encounters with a company's products, services or brands and usually takes the form of word-of-mouth recommendations, criticism, advertising, news reports or reviews (cf. Meyer and Schwager 2007).

The experience therefore stems from a series of interactions between customers and a product, a company or part of the organisation. This experience is very personal and subjective and implies the customer's involvement at different levels (rational, emotional, sensory, physical and spiritual). Its evaluation depends on the comparison between the expectations and the stimuli resulting from the interaction with the company and its offer in accordance with the different moments of contact or touch points (cf. Gentile et al. 2007).

In the CX literature, various criteria have been proposed that can positively influence the perception of products and services. While there is no all-encompassing theory on the construct to date, the arousal criteria proposed by Schmitt (1999) and Schmitt and Mangold (2004) serve as the basis for numerous studies and can therefore be understood as the prevailing view. Accordingly, holistic experiences build on the stimulation of sensory, social, behavioural, cognitive and affective dimensions. The sensory dimension reflects all impressions received through the sensory organs, be they visual, auditory, haptic, gustatory or olfactory. Touching one or more senses is seen as the basis of all marketing approaches, with multisensory concepts described as particularly memorable. Social experiences focus on interpersonal relationships and all interactions related to the customer's social network (cf. Schmitt 1999; Schmitt and Mangold 2004; Verhoef et al. 2009). Alternative lifestyles, materialized experiences, a variety of interaction possibilities, and different ways of using a product or service are described by the behavioral experience dimension. Often, changes in a customer's lifestyle are also addressed in addition to purely rational behavioral effects. Cognitive criteria focus on the consumer's intellect. They promote a person's creativity and aim at mental confrontation with the service and its provider. The affective dimension includes the customer's reactions in the form of emotions and moods that lead to a positive feeling. The strongest feelings occur when using a product or service and can manifest themselves in joy, fun or even pride.

In their work, several authors identify the potential of certain design aspects for creating experiences. Pine and Gilmore (1998), for example, make clear how important the multisensory component is for marketing: "The more senses an experience engages, the more effective and momorable it can be." So-called "self-service systems" (e.g., self-service terminals) are increasingly finding their way into modern shopping environments, creating new forms of interaction between customers and companies (Verhoef et al. 2009). Thus, more and more studies are also focusing on the application possibilities and effects of new technologies in the course of customer delight management.

However, an analysis across various suppliers in the apparel industry shows that the use of modern technologies has so far been limited almost exclusively to the pure presentation of multimedia content via digital signage systems or to the support of internal company processes (e.g., RFID-based inventory). The goal, however, must be to realize new services through clever combinations of innovative technologies that are accepted by customers, are enjoyable, and ultimately lead to a positive experience with the company through increased emotional benefits.

14.3 Design of an Interactive Changing Room Through the Use of Mixed Reality

14.3.1 Customer Journey in the Clothing Business and Existing Concepts

To embed this into the overall experience, the customer journey for shopping in clothing stores was analyzed. For this purpose, extensive customer observations were carried out in fashion stores of twelve textile retailers. The second step was to define the most important touchpoints and have them verified by retail and marketing experts (store managers, store associates, customer experience managers, vice president of marketing). The results show that the typical shopping experience in a clothing store can be defined by six key customer touchpoints:

- **Facades and windows: The** aim is to attract passers-by and show them the way into the store. The outward-facing presentation of the brand and its products is given around the clock.
- **Entrance area (launch zone):** The customer should be inspired in this "decompression zone" through intensive confrontation with the brand. The aim is to create a lasting relationship with the brand or to reactivate an already internalized brand perception.
- **Interior & presentation area:** The interior of the store must strike a balance between inspiration and comprehensive information about products and services offered. Prominent products are presented here. The display area must change and be updated on a regular basis in order to continually delight existing customers, attract new customers to the store and increase the overall number of visits.
- **Changing rooms:** Customers should feel comfortable here. The focus is on clear functionality: a pleasant fitting while maintaining privacy.
- **Mirrors:** The mirrors in the store and in front of the changing rooms allow customers to verify the fit of the products once again.
- **Checkout area:** At the checkout, customers confirm their intention to buy. The company's efforts are limited to making the waiting time either as short or as pleasant as possible.

While a purchase decision has most likely already been made when entering the checkout area, there is great potential for persuasion at the previous touchpoints. Nevertheless, the areas with intensive customer contact, such as shop windows and changing rooms, have hardly developed further across the industry in recent decades. In this context, "the shop window represents the point of contact where the highly involved, specifically searching consumer encounters the advertising message" and "engages intensively" with the content of the message (cf. Maynert 2005). The aim is to attract the attention of passers-by, for which physical, cognitive and emotional stimuli can be addressed to activate them (cf. Mayer 2000). In addition to these psychological principles, various studies also prove the importance of these two customer contact points in the clothing store. For example, trying on clothes in a dressing room leads to 71% purchase probability (cf. WSGN 2006). Analyses of traditional fitting rooms from different suppliers show that they are largely identically constructed and only a few offer customers a pleasant experience (cf. Dennis-Jones 2007). All companies considered limit themselves to a pragmatic handling of the fitting room without focusing on specific target groups or offering the customer an additional benefit.

Some initial attempts are being made to equip changing rooms with new technologies and thus make them intelligent. However, solutions such as those of the Metro Group (cf. Tellenkamp 2005) are limited purely to the presentation of additional product information or to the collection of data on the shopping behaviour of customers. The use of RFID is intended not only to optimise logistics processes but also to improve customer service. Similar to online shops, information such as price, material, available colors and sizes as well as care instructions are displayed. There is also the integration of a recommendation system for suitable products. Other examples describe a touchscreen display embedded in the fitting room that offers customers additional product information as well as recommendations for outfit combinations. In order to be able to market products in a targeted manner, shop operators are offered the option of including them preferentially in the product recommendations presented. Both examples use a relatively small display area of less than 20 in. to present the information.

In addition to interactive fitting rooms, virtual mirrors are becoming increasingly important. Instead of fitting in a closed, private area, new technologies are integrated directly into a terminal on the open sales floor. One example is the “ChroMirror” by Cheng et al. (2008). This is a digital mirror system that assists customers in selecting the right color combinations in the shopping process. By means of a camera installed in the terminal, the customers are filmed and the person is separated from the background by a software algorithm. The system then allows the clothing worn to be matched with other colors in real time and provides recommendations for a harmonious color composition. The “magicmirror” is also based on RFID (cf. Langer et al. 2009). The device recognizes items of clothing that are held up in front of the mirror by the customer. Additional information is then displayed on a large format display, which is installed behind a one-way mirror glass. Users have the option of interacting with the system via touchscreen. In addition to product-relevant information, special emphasis is placed on the presentation of the brand message.

A similar concept is pursued by Zhang et al. (2008) and Begole et al. (2009). The so-called “Responsive Mirror” uses a frontal and a ceiling-mounted camera system that recognizes both the pose and the clothing of the person. The aim is to support the customer in the physical shopping process in terms of fit as well as clothing style. The clothing style recorded by the computer vision system is compared with data from a social network and new combination options are suggested or combinations of other customers are displayed. As in the concept “ARDressCode” by Kjaerside et al. (2005), the focus is mainly on the display of digital clothing on the human body, realized via augmented reality. An embedding of the person in a corresponding context linked to the product does not take place.

In the past, the implementation of an intelligent changing room was usually limited to the practical execution outside the changing room. This is justified by the fact that changing rooms are regarded as a private area by the customer and cameras are undesirable in this area. There are also online systems that are designed to improve the shopping process in terms of a virtual fitting room for the customer. For example, in “My Virtual Model” (2020), the user first selects a predefined avatar that best reflects his or her own body proportions. In a second step, the avatar can be dressed virtually by selecting items of clothing. This makes it possible to have clothing and color combinations suggested at home without having to physically try them on. More recent concepts (cf. Fitnect; Hope 2011) go one step further. By using data from the Microsoft Kinect game controller, it is possible to fit the user with digital clothing in real time. Via augmented reality, the video image is overlaid and the user sees themselves wearing the previously selected outfit. The examples are used both in the store and at home with customers.

The creation of a new shopping experience in retail with specific consideration of the needs of young customers does not take place in these concepts. The work shown is limited either to the display of additional product information or to the virtual fitting of clothing on the human body to provide size and outfit recommendations. The embedding of the respective clothing in a corresponding application context does not happen. An integration with social networks has also only been realized in parts so far. The strategic and targeted creation of an immersive and multisensory experience and thus the targeted addressing of emotional aspects in a changing room will only be presented in the following.

14.3.2 CyberFIT: An Interactive Fitting Room

The basis of the new changing room is an interaction concept that is optimally tailored to the needs of the customer. When designing the user interface, great importance is attached to ease of use and the creation of a special experience. Emotions are to be aroused by a multi-sensory experience, which creates a mental connection and attachment to the corresponding product on a subconscious level. The aim is to give the customer the feeling of already owning the garment and using it in the intended environment. This is made possible by using various software and hardware technologies within the framework of a prototypical system (cf. Fig. 14.1).

The structure of the interactive changing room is realized by a piece of furniture and a combination of hardware technologies integrated into it (cf. Fig. 14.2). The core of the prototype is formed by three large projection walls which, similar to a CAVE (Cave Automatic Virtual Environment), turn the inside of the changing room into a portal to a virtual world. The concept of the CAVE was coined as early as 1993 by Cruz-Neira et al. The authors describe their setup as a projection-based virtual reality system in the form of a cube, where all walls are used as display surfaces (cf. Cruz-Neira et al. 1993). A simpler

Fig. 14.1 Interactive changing room and virtual environment

Fig. 14.2 Prototypical structure

realization of a large-scale display surface consisting of one or two large screens is described by so-called powerwalls, whose immersive effect, however, is less pronounced (cf. Cabral et al. 2005).

The aim is to display the multimedia content over a large area. To ensure this and to keep the costs low during the creation of the prototype, short-distance projectors are used. Although this requires more space due to a double wall, it reliably simulates the possibilities of large-area displays. In addition to a powerful PC, a sound system and an RFID reader with a total of four antennas are installed for reliable radio coverage of the interior. The software of the prototype is based on several components and serves to identify RFID tags within reading range as well as to display the multimedia content. The user interface is realized via HTML components. The system collects information about the interaction, about called product information as well as about the product movements during the use. This makes it possible to track which products are purchased after trying them on and which are tried on but returned to the shelf. Popular product combinations can also be determined and returned as recommendations in a second step. A conventional mirror supports the customer as usual when trying on the garments.

If the interactive changing room is entered with a garment that is tagged with an RFID tag, the system automatically generates an animation that corresponds to the style of the product or product category and is displayed on all walls of the changing room. In addition, the animation is accompanied by appropriate auditory elements (cf. Fig. 14.3). If the system recognizes products from different categories, the customers get the possibility to switch between the worlds, which raises a certain individualization potential (cf. Schmidt 2003). Consequently, several senses are stimulated simultaneously: the visual sense through the display of large-scale, surrounding animations, the haptic sense through interaction with the garment and through the use of a touch surface, and the auditory sense through the integration of music and sound effects. The goal is to achieve the state of consciousness of immersion, in which the perception of oneself in the real world is diminished and identification with the virtual world is enhanced (cf. Murray 1997). The content presented, as well as the experience of stepping through a virtual portal when entering the locker room, promotes immersion. Ultimately, this leads to a state of "flow" in which the user becomes completely lost in the service being used. The real and virtual worlds can blend in a way that creates a seamless experience (cf. Nacke and Lindley 2008).

Using the product line of a sporting goods manufacturer as an example, the following worlds appear to be useful for creating immersive experiences:

- **Football:** The feeling of being in the middle of a football stadium is conveyed. The condition is supported by cheering fans or the insertion of prominent football players.
- **Running:** The projection transforms the locker room into a virtual jogging track or an ash track.
- **Swimming:** As animation, an (under)water landscape can be shown, which, according to the product, either reminds of competitive sports or of a bathing holiday.

Fig. 14.3 Product-related worlds of experience

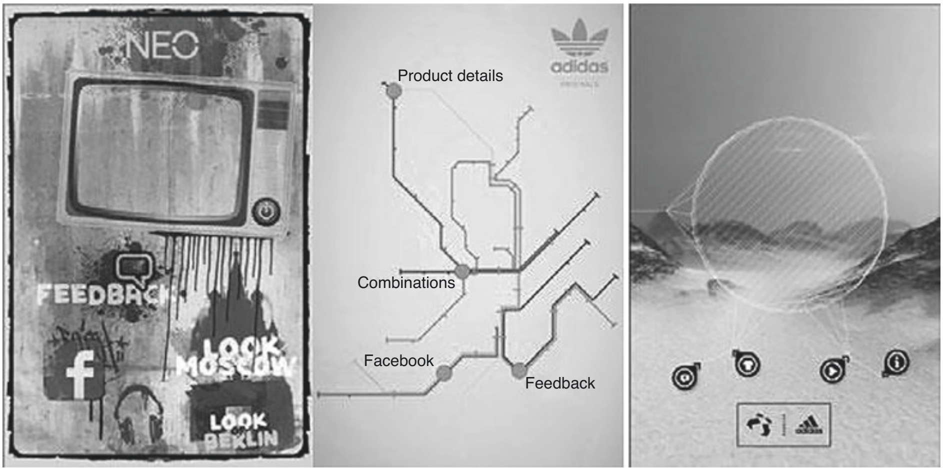

Fig. 14.4 Example interaction interfaces

- **Outdoor:** The customer feels as if he is standing on a snow-covered mountain that he has just climbed or he finds himself in the forest or on a hiking trail.
- **Lifestyle:** Following the fashion trend and preferences of young people, the user is given the feeling of standing on a catwalk and finding himself in the middle of a flurry of flashbulbs. The user can also be given the feeling of standing in the middle of a large city, between fans at a music concert or in a well-known shopping street.

The interfaces through which interaction can be carried out are implemented as part of the animations. They offer users the possibility to operate the system via the touch-sensitive projections and thus obtain product information, share products with friends via social networks or trigger further actions. Figure 14.4 shows two exemplary implementations.

Product information such as available sizes, colors, materials used are displayed as well as cross- and upselling information. By connecting to the store's merchandise management system, it is also possible to inform customers about the current inventory, e.g., alternative sizes. If the garment just tried on does not fit, the selection of an alternative product or size can be used to request service staff to bring the goods. A connection to social networks and product portals allows both the sharing of comments and the comments of other users or general product reviews to be displayed in the fitting room.

14.4 Design Recommendations

The present study shows that the implementation of the presented concept promises extensive benefits both on the part of the customers and on the part of the company. Customers are offered an experience that goes far beyond the mere purchase of a product. The possibility to try on products in a virtual environment leads to enthusiasm and increased customer experience, especially among the young target group. They grow up with digital worlds, photo filters and virtual live events. The option to call up additional information on products, materials, functions or customer reviews supports the buying process and creates trust. If required, customers can have products in other sizes or colours brought to them by a store employee at the touch of a button and ask friends for feedback via social media integration. For the company, the main focus is on media effectiveness, in addition to the opportunity for extensive data collection. The innovative concept leads to word-of-mouth among customers and allows a company to stand out from the competition. In addition, such concepts manage to position a company in terms of technological leadership and offer the customer a new shopping experience.

An evaluation by means of the Service Fascination questionnaire (cf. Zagel 2016) showed interestingly that the experience was perceived more intensively by women than by men (N = 67, 28 female, 39 male, average age 23.6 years) (cf. Fig. 14.5). Of all consumer experience dimensions, the sensory component was rated best with a positive value of 6.17 (SD = 1.08) on a scale from 1 = little pronounced to 7 = strongly pronounced.

The interviews and observations conducted in parallel showed that the use of a suitable sound backdrop was able to strengthen the effect of immersion. Ultimately, however, this was predominantly achieved through the use of "natural" sounds such as birdsong or wind, as music alone was perceived by the test persons as a standard element in retail stores. In addition, the surveys showed an increase in perceived product value of about 20% when the item was experienced in the fitting room. Whether this effect is due to the overall experience or to a specific one of the experience dimensions has not yet been determined.

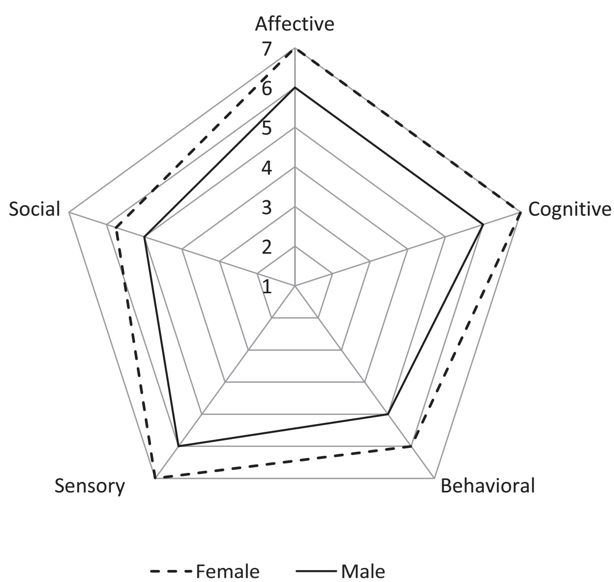

Fig. 14.5 Evaluation of the consumer experience dimensions

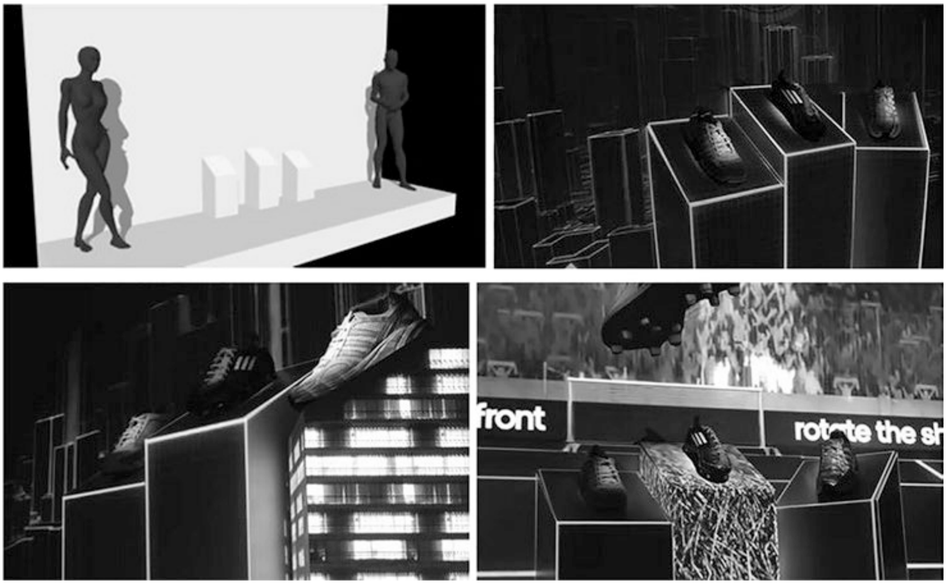

Fig. 14.6 Consumer experience in the shopping environment

The elements from the presented system can be transferred to further customer contact points in shopping environments, whereby value must always be placed on consistency. The breaking points between the real and virtual worlds must be kept as small as possible in order to achieve the effect of immersion and thus appeal to the subconscious emotions of the user. The goal must be to no longer perceive digital content as an independent system, but as a completely integrated one. The technology itself becomes invisible and moves into the background – the result is decisive.

The interactive shop window also aims to fascinate the young target group (cf. Zagel and Bodendorf 2012). The state of multisensory immersion is achieved through the use of projection mapping, in which the furniture and thus the three-dimensional surface of the shop window interior, including the products displayed therein, is superimposed by an animation. By means of gesture control, customers are enabled to interact with the products as well as with multimedia content. Figures 14.6 and 14.7 show both the prototype setup and the system in operation.

14.5 Summary and Outlook

This paper presents the concept of an interactive changing room, which is specifically designed for the needs of the young generation. By using Mixed Reality and an individualized soundscape, an immersive environment is created in which both the interaction level

Fig. 14.7 Interactive shop window

and the social network of the customers are integrated. This makes it possible to generate enthusiasm and ensure a novel, multi-sensory shopping and product experience.

The goal of further research is to transfer the findings to other systems and to identify the influence of the individual consumer experience dimensions on the overall perception using various prototypes. Furthermore, the aim is to further enhance the state of immersion, for example by using head tracking mechanisms, and thus to narrow the gap between the real and virtual worlds. A test of the prototype in a real sales environment as well as the resulting media presence will provide information about the validity of the basic assumptions.

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Prof. Dr. Zagel's research focuses on innovation management, customer experience management, human-computer interaction and human-centered design. Numerous awards, including the CeBIT Innovation Award, the Cannes Lion and the Science Award of the EHI Retail Institute, attest to the innovative power and practical relevance of his work. He also contributes his expertise to regional development as a member of the Future Council of the City of Bamberg.

15 Synthesis: Phygital – The Dawn of a New Age of the Senses

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Abstract

Digitization has given rise to completely new shopping opportunities that can quickly become a (perceived) threat to brick-and-mortar retail. The discourse too often revolves around an "either or." Phygital describes the best of both worlds – physical and *digital*. With phygital business models, entirely new worlds of experience can be developed that have the potential to replace the (laborious) compulsory purchase. The first step is to remember the original strengths of stationary retail: social contact, curation, immediacy, advice, experience and trust. The next step is to make targeted use of digital services to make the shopping experience even more pleasant for the customer. With a clear value proposition, it is possible to skilfully set impulses again and move from being a driven to a shaper.

AI, algorithms, IOT – these are just three of the buzzwords that make it clear: **Digitalization is omnipresent**. It permeates our everyday lives – and is also changing the way we shop. It is not a vague vision of the future if we draw a picture in which the smart kitchen informs us via app what we can cook tonight from the food we still have in stock and what

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we still need to do so – and then independently orders this food directly for us. The same applies to the smart wardrobe, which advises us on fashion and also takes care of the clothing purchase, or the smart bathroom, which recommends and orders care products adapted to our mood and physical condition. With so many customized, digitalized services, is there even a need for brick-and-mortar stores?

The articles in Part II show that bricks-and-mortar retail must respond to changing values, changing lifestyles and technological developments. And they show ways in which it can do so.

Why Do Customers Buy Stationary at All?

Despite all the possibilities and alternatives that are already available to customers today, people still shop in brick-and-mortar stores. And this is certainly not because they are unaware of the alternatives, but because brick-and-mortar retail can satisfy basic needs – and do so more directly and compellingly than alternative channels (can) do.

The most obvious of these needs, which are one reason why we still shop in stores today, is certainly the need for **social contact. As** Martin Kiel puts it in his article, "People need people." We experience bonding and local rootedness through contact with other people. If you will, we experience part of our identity through our relationships. But for that to happen, we need the human counterpart. Marketplaces and brick-and-mortar stores can provide that. Online shops have a much harder time here because they either mediate human contact or simulate it altogether.

There is a second reason for visiting brick-and-mortar stores: people are looking for **emotions and experiences**. Let's get it straight from the start: Yes, online shops also convey emotions. And yes: when we do our weekly shopping, experience and emotion are certainly not the decisive reason for most people's choice of shopping location. But there are many occasions when we want to browse and discover, feel anticipation and anticipate consumption experiences, where we want to experience and enjoy. This is where bricks-and-mortar retail can play to its strengths: Thanks to the abundance of stimuli and multisensory density of brick-and-mortar stores, they can create incomparably more emotional experiences than online shops are currently capable of. The emotions experienced in this way are richer, more impressive and more lasting. This is also one of the reasons why a number of studies show that we make more rational decisions in online environments than in stationary stores, combined with a higher rate of impulse and trial purchases in stationary stores. In addition to the multi-sensory experience, it is again the contact with other people that can trigger the emotions and experiences. And last but not least, the immediacy of possession also plays a role here: goods that I buy in stationary stores are usually actually in my hand shortly afterwards.

In addition, the stationary trade still fulfils the function of a lighthouse, in the sense of: **showing** the **way** through a sometimes seemingly inscrutable complexity of possibilities. Because the options are becoming (perceived) more and more diverse, and only rarely do we really want to deal intensively with a purchase decision. This is where advice and curation can help. Online shops can do that too (some would say even better than humans can, due to AI), but human contact in brick-and-mortar stores facilitates trust in this advice, as Cornelia Diethelm vividly describes in her article.

Related to this is a final reason for visiting brick-and-mortar stores, which we want to highlight here: People strive for **control, security and trust**. For many people, brick-and-mortar stores are (still) the familiar environment in which they experience precisely these aspects: Security and trust through the familiar environment and the human contact person, control through the routine and experience.

But it's not just the last point that makes one thing clear: most of the reasons for visiting bricks-and-mortar stores today are not set in stone. Online shops and other alternatives can also satisfy at least some of these needs – and make shopping faster and easier.

What Should/Could Stationary Retail Offer in the Future?

In his interview, Philipp Riederle raises an important question to which brick-and-mortar retail must continue to provide a good answer in the future: "We must constantly ask ourselves to what extent the additional effort I take on for an offline purchase is profitable [for the customer]."

The basis for a successful answer to this question by the stationary trade is something non-digital, something classic: First of all, the stationary retailer needs a **clear value proposition** that focuses on the benefit of the target group. This benefit is not always the objective profit or the savings that a customer has at the retailer, but also the subjective benefit: the perceived profit, the feeling of well-being, the localization and security, the bond with a community.

This value proposition must be based on the needs of the target group as well as on the company's own strengths and opportunities. In other words, it only makes sense for a few to imitate online retail and try to emulate its strengths as much as possible. In terms of range and accessibility, wealth of information and often also price, online retail has a head start that stationary retail can only catch up with with difficulty. Instead, a clear value proposition can put the focus on **one's own strengths**.

For brick-and-mortar retail, this means above all putting **people** at **the center** – both as customers and as employees, as Martin Kiel and Bert Ohnemüller impressively demonstrate. Because both are inevitably interdependent: dissatisfied employees lead to dissatisfied customers, as do consultants who only focus on short-term sales and not on the long-term needs of customers. Here the stationary trade can react above all by the creation of a suitable incentive system, which does not honor the short term sales, but the satisfaction of the customers, which will pay off in the long term in competition. Bert Ohnemüller introduces the concept of Return of Kindness in his article, which describes this point very clearly.

Putting people and their needs at the centre also means understanding the stationary store not only as a space for offering goods, but also as a place for experiencing and satisfying needs. Everything – the offer, the store environment, the architecture and the people in it – conveys a message to the shopper. In his contribution, Martin Kiel also emphasizes the importance of **storytelling** for stationary retail. And Philipp Riederle illustrates this with the very clear example of an organic supermarket, "… which also offers a lunch menu and cooks super delicious dishes every day. As ingredients, he uses products from the store that are close to their best-before date or have pressure marks and are therefore hardly sellable, but are of impeccable quality. He offers cooking classes, knows the local farmers and shares experiences, tips and recipes with customers." This supermarket doesn't just tell a story, it tells *its* story in a way that is just right for it, that offers customers relevant added value (even if they don't eat there, they are buying from a supermarket that avoids food waste) and that sets it apart from online shops (and other supermarkets).

This example illustrates that the "story" that the stationary store tells must not only sound good, but must also be relevant. For this, it is necessary to keep the values and needs of the target group in mind – and to react agilely to them. All this is only possible if all components of a retailer work together and point in the same direction. The prerequisite for this is networked thinking on the part of everyone involved.

What Role Does Digitalization Play in This?

We have given this second part the title "**Phygital** – Moving into a new age of the senses" – and thus already anticipated what the contributions make clear: Stationary retail and technological development are not mutually exclusive, but rather mutually stimulate each other in terms of benefits for customers. For it is precisely this area of tension between technology and engineering on the one hand and humanity and the familiar on the other that can be a strength of bricks-and-mortar retail.

There is no question about it: digitalization is here and it permeates our entire lives – already now. And in the future, this will intensify, as Gerrit Heinemann, Kerstin Sonntag and Marcus Groß impressively demonstrate in their article. Stationary trade must face up to this development. Or – to change the perspective – it can use the associated opportunities.

As many of the contributions show, digital technologies can **support and expand the** emotionality and experience of a stationary store. For example, they enable far-reaching communication with the target group outside the store environment, can expand one's own range or outsource certain must-have components of the assortment in order to create space for the aspects with which stationary retail can play to its strengths: Advice, encounters and emotionality.

This is what Nordstrom does, for example, when instead of large department stores they open smaller "try-on showrooms" where shoppers are advised and digital tools assist in the process, but no large inventories are stocked. Merchandise purchased but no longer stocked in the store is instead shipped directly to shoppers' homes from a central warehouse. Other examples, such as the smart displays described by Gerrit Heinemann, Kerstin Sonntag and Marcus Groß in their article, can support curation and enrich advice. Central to this, however, is that the digital tools support the strengths of the retailer and are not just operated as an end in themselves or a technology-loving showpiece. This also means that they should be part of the storytelling and contribute to the overall message of the store.

However, Pierre Farine shows in his article that the influence of digital technologies does not have to – and must not – be limited to the store visit. Shoppers have different needs and interests at different stages of the customer journey. Identifying these, addressing them and satisfying them in such a way that the retailer is part of the solution is the task of strategically deployed digital marketing. For example, in the pre-purchase phase, a blog post can draw interest to the offer; in the purchase phase, the smart fitting room can provide added value in advice; and in the post-purchase phase, the app can provide styling tips for use. While these options represent an added value for some target groups, they are a must for other target groups – and the stationary retailer is not visible to the target group without these offers.

And last but not least, the handling of digitalization itself can in turn be a unique selling proposition of brick-and-mortar retail: Dealing responsibly with data and new technologies and refraining from collecting some data can build trust and offer customers a good feeling.

Why Will Stationary Trade Continue to Exist in the Future?

The articles in Part II and this summary show that there are good reasons why bricks-and-mortar retail is still an important part of people's lives today. The fact that it has received competition from new players who play to other strengths does not change anything: brick-and-mortar retail has the potential to continue to play a major role in the future. Because **stories, emotions and curiosity** are important drivers of human action.

We want to present a possible future vision of stationary retail here: Stationary stores offer **more than goods and services**, but are **places of encounter, discovery** and **security**. Instead of habitualized, recurring purchases covered by other channels, people come to stationary retail for inspiration and for the experience. This multi-sensory attractively designed environment is also rewarded by customers in terms of price, because they receive more than products: They become part of a story and receive reliability and loyalty – things that are becoming essential in a digitalized world. In order to be present in the lives of potential customers, it will become imperative to synchronize the offers and services of retailers in the ecosystem of people: Dealers must be present in the information systems and assistance systems of the future and communicate with them. And here, too, they must remember their strengths: Not the knocking loose of goods, but the sensory rich experience, the bonds, curation and advice, security and the experienced loyalty create a relationship at eye level.

Stationary retail is therefore well advised to empathically empathize with the world of perception and needs of customers and, on this basis, to repeatedly set impulses and be part of the change – instead of waiting for it. Ultimately, trade is and remains change. Pierre Farine sums it up in his contribution with the proverb: *"Mieux vaut prévenir que guérir"* (better to take precautions and measures in advance instead of suffering afterwards and slowly recovering from it).

Prof. Dr. Gunnar Mau holds the professorship for Applied Psychology at the DHGS German University of Health and Sport in Berlin. At the same time, he is Vice President for Research and Teaching at this university. A psychologist by training, he completed his doctorate at the Faculty of Economics at the University of Göttingen on the topic of "Emotions when shopping in online shops" and subsequently habilitated at the University of Siegen. He researched and taught at various universities on topics of consumer and retail psychology. Most recently, he held a professorship for business psychology at the private university Schloss Seeburg in Austria. In addition, he was one of the founders of a market research company in 2008 and is still a member of the Scientific Advisory Boards of several consulting agencies and associations.

Dr. Markus Schweizer studied business administration at the University of St. Gallen, specializing in strategy and organization. He then completed his doctorate – also in St. Gallen – at the Institute of Marketing and Retailing (Gottlieb Duttweiler Chair for International Retail Management) on the phenomenon of "consumer confusion" in retail. Markus Schweizer held leading positions at tegut … gute Lebensmittel and Migros in Switzerland from 2006 to 2016. Since 2016, he has been managing director of Holistic Consulting GmbH in Hanover, a boutique consultancy for customer-centric thinking and action. He also teaches retail management at Leibniz-FH in Hanover and is the author of several specialist books and articles on the successful transformation of retail.

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Part III

Total Store: Thinking and Acting Holistically. Customer-Centric Store Design as a Total Work of Art

Humans always perceive their surroundings with all their senses. Seeing, smelling, feeling, tasting and hearing. And all at the same time. Thus, a foreign smell in the bread area can make even the most beautiful display appear unappetizing. That's why it makes sense for retailers to perceive, design and maintain the space holistically. The central challenge here is the conscious orchestration of the many different sensory stimuli: light, colour, shapes, messages, screens, displays, staff, etc. But how can this be achieved without falling into the complexity trap?

Multisensory is then also more than a pure specialist discipline. Multisensory is a coordinative discipline that bundles the expertise in the company and forms it into one language. Multisensory is a conscious management of sensory stimuli – holistic and customer-centric. This presupposes that, on the one hand, the drivers of human well-being are known (cf. Chap. 1) and, on the other hand, the addressing of this well-being is anchored culturally, structurally and procedurally in the company (cf. Chap. 4). The questions about well-being are first manifold: Does the customer feel welcome when he enters the salesroom? Can he orient himself right away? Are the messages coherent and do they have the desired (brand) effect? Can the customer quickly grasp the logic of the product arrangement? Is the logic of the shelf layout easy to "read?" Do the signals that the five senses can receive form a harmony?

The following contributions illuminate precisely this translation of well-being from different perspectives on the design of the store space. The central starting point is the definition or sharpening of the overall strategic orientation: What is the self-image or the purpose of the company? Only then can a signature for the store concept be developed. The following articles show different methodical approaches and highlight practical examples which are characterised by a pragmatic approach. The basis for a unique profile – according to the common canon – is created on the one hand by a coherent store design (uniform handwriting) and on the other hand by its harmony with the retail brand. Both are based on a desirable performance promise to the customer.

16 Turning a Shopping Location Into a Brand!

The Experience with All Senses and the Embedding in Our Motivational Landscape Makes the Brand

Hermann W. Braun

Abstract

I make brands by addressing the relevant motivators of the addressees in a credible and understandable way and leading them to an emotional connection. Then, in all my marketing processes, I have to deliver on my promise and make it tangible and tangible. In doing so, I have an easier time as a shopping destination appealing to my shoppers, but a much harder time in all my marketing processes and outlets making the promise tangible. For this reason, any mistake in positioning is like intravenous poison or at least ineffective and wasted money. Listen carefully as you read.

16.1 Preliminary Remarks

I would like to write this article as a practitioner who writes down his successful experiences in order to make them multipliable.

My first boss at Dr. Oetker, Dieter Bader (Group Sales Manager), taught me: You have to understand your counterparts, be able to put yourself in their shoes if you want to win them over to your cause. You need goals that are defined by measurable potentials and needs. Only then will you know what you are talking about – and not just believe.

Being part of the Ferrero team has given me the privilege of being part of the best marketing and sales team I have experienced in my entire professional career in retail, in the industry – nationally and internationally. Working with these marketing and sales

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luminaries has been a gift. The constant demand to find out the why and make it measurable was crucial for success. Nothing was left to chance. Every random idea was scrutinized for “why-can-it-work?.” Alain Capparros gave me the opportunity to become intensively involved in the restructuring of the Rewe Group and to successfully transfer the shopper marketing methods that had been successfully experienced and developed under my leadership at Ferrero to Rewe.

I do not claim to be a scientific paper, because everything written here is taken from practical work. Inspired by colleagues, partners and service agencies. This is how my colleagues and I successfully developed systems for positioning, marketing and negotiating between retail and industry, which we experienced from both sides. This is how the shopper marketing of Ferrero as well as of Rewe came into being.

16.2 The Why Question

A person does something when they have a need or when they are motivated. If I want to know why in the past grocers were able to be successful without branding, I have to investigate the “why question.”

16.2.1 Success Drivers of Food Retailing Up to the Turn of the Millennium

It started with an oversized demand with a small supply. The person of the dealer was the personified embodiment of my brand. He satisfied my need. Many retailers then multiplied the success of this one market by multiplying their performance in kind. Examples include Massa, Allkauf, Extra, Real, Plus, Lidl, Aldi, Metro, to name a few. The faster one expanded, the greater the purchasing volume/purchasing power became and thus the opportunity to position oneself better than the rest of the trade in terms of price (cf. Fig. 16.1).

The fast eats the slow and many bees drive the bear away. This explains the triumph of the supermarkets and discounters in Germany, which are figuratively stealing the thunder from the hypermarkets. From a formerly self-service department store-dominated market, the remaining ones are now fighting for survival. Great prices, great deals and rapid expansion were the key to success.

The increasing purchasing power and the associated sales price opportunities did the rest to reduce the trade to five major players today from the former 20. In a year’s time there will only be four. Spar, Asko, Schaper, Tengelmann, Plus Allkauf, Massa, Nanz, to name but a few, have disappeared from the competition. Why? Because the winners were and are able to provide better services in kind.

Fig. 16.1 Drivers of success in retail: How it all began

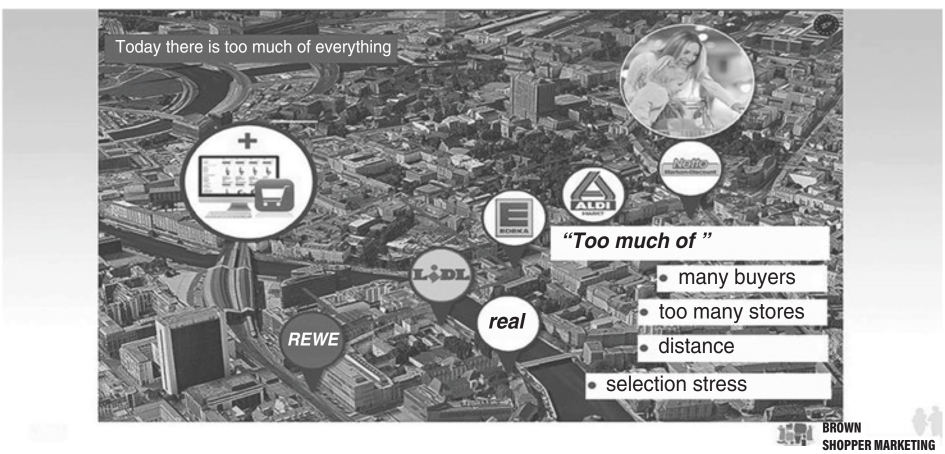

Fig. 16.2 Drivers of success in retail: Current decision dilemma of shoppers

16.2.2 The Decision-Making Dilemma Today

We have too much of everything: too much supply, too many shops and, in addition, online retail. I get everything immediately and, if necessary, on the same day from an inexhaustible online and offline assortment. I have decision and selection stress. What can motivate me, as shown in Fig. 16.2, to basically make one of these markets my favorite, in addition to the possible better weekly offer?

16.3 Decision Stress

My stress begins when I have to decide which market in town I want and need to go to in order to complete my shopping mission (see Fig. 16.3).

The “relevant set” of an average household in food retail per year consists of:

- 431 EAN,
- Or 365 brand names
- With an average of 13 items per shopping cart.

I want to spend today only €20, have 15 min time and do not want to look long. The market must have all my products and a little more at a good price. How does that work? If the retailer succeeds in fulfilling this shopping mission of the shopper better than his competitor, he is a successful retailer and the shopper is satisfied and comes more often. That’s the in-kind level of performance.

If I now also manage to place myself in his motivational space, then I can build up an emotional bond, and this protects me as a retailer more strongly against short-term differences in the benefits in kind. The shopper is more loyal to my market. That means I can be more expensive sometimes, my handout doesn’t always have to be so “sharp.” I’m turning into a love brand with the shopper. “He comes to me once more because he likes me, my business.” That’s the “emotional performance level.”

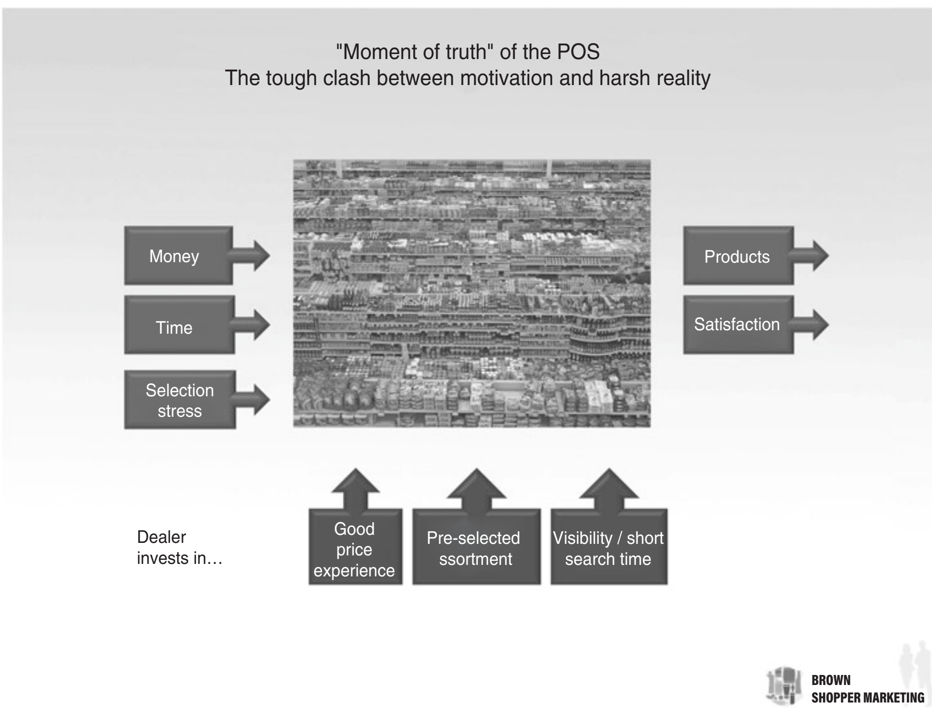

Fig. 16.3 The POS as a moment of truth. (Adapted from Sorensen 2008)

16.4 The Building Blocks of Branding

A retailer's branding is based on four building blocks:

1. I need to know the relevant motivational structures and relevant identity-forming factors of the shopper.
2. I need to know the brand cores, the competitor identities in this motivational space from a shopper perspective. I need to research my competitors, yes, I say "consciously research" to express that I need to know and understand my competition in all variations of appearance and marketing.
3. Within this motivational world of the shopper, I have to create a clear and unambiguous, i.e., "unique" positioning that distinguishes me from my competition in a way that can be experienced – or at least makes me recognizable. Can I also achieve this?
4. I have to align my marketing levers with the positioning and also make it tangible. If I want to be an Indian, I can't act like a cowboy. Can I also do that with my means and my organization?

The tangible positioning is more than a nice and crazy claim/slogan. It is my emotional value proposition and makes the difference in the long term, but also measurable in the short term. The idea that "positioning is long-term and takes longer to build image" is nonsense. Successful, experiential positioning works immediately. The USP – this challenging positioning philosophy is the "royal class" in product marketing as well as in shopper marketing, which decides decisively on success or failure with the consumer or shopper.

What is the "USP" Unique selling Proposition? According to my definition: the tangible and tangible-appeal performance feature that clearly sets me apart from the competition and can be experienced and measured.

Pragmatic marketing management is always about the following detailed aspects:

- **Motivators:** What makes the shopper/consumer tick: In which motivational world do they live and think?
- **Identity:** Who am I? Who do I want to be in the future, what do I want to stand for?
- **Differentiation:** What can I do better, make it tangible? Rational and emotional benefit.
- **Relevance:** Is what I do better important to the shopper/consumer and a superior performance characteristic? Do I satisfy a relevant need or solve a relevant everyday problem with the superior performance?
- **Understanding:** Does the shopper/consumer correctly understand the images I want to use to communicate my USP – the way I want them to be understood?
- **Credibility:** Are my superior services conveyed credibly in the communication? Does the shopper/consumer have the desire to engage with it?

The result of the positioning work must be to make the added value in the goods and services promise (USP), which consistently sums up the true character of the brand or shopping location (brand core), tangible in every detail in daily shopping (cf. Fig. 16.4).

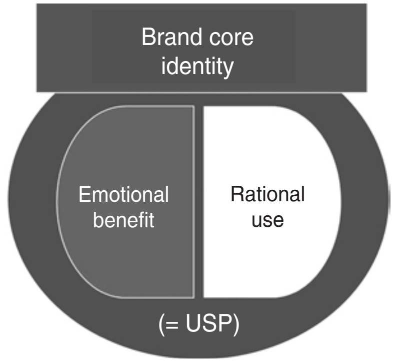

Fig. 16.4 Components of the brand essence

16.4.1 Experience with All Senses

Humans absorb 10 million bits through vision. That is 10 times more than with touch – and the other senses then almost disappear in their strength of influence compared to vision (cf. Fig. 16.5).

Seeing and being seen is decisive with regard to the influence on the unconscious. But if we overdo it, if we are not clear in our messages and images, then it is all a wasted effort (cf. Fig. 16.6). Or in other words: money wasted.

So I need to know:

1. In which world of values and motivation does society live? What is important to them, what are the "no gos," what do they dream of and what do they abhor?
2. What are the motivational drivers for grocery shopping? What do you want, what do you definitely not want? How do you want to shop and how not at all?
3. What is my brand essence?
4. What is the brand essence of the competitors?
5. Where can I differentiate myself in a relevant way?
6. Can I bring this new positioning to life?
7. Which images convey my new positioning? What does Winnetou look like when I want to be Winnetou?
8. What materials do I have to use then?
9. Which color codes are relevant then?
10. What should the look and feel of the store be? Vintage? Green?

16.4.2 Nothing Happens Without Motivation!

What makes the shopper in the country tick? The decisive factor in this analysis (cf. Fig. 16.7) is that the respondents are selected precisely according to the regular and occasional shoppers of the respective retailers. These buyers must be selected in order to obtain

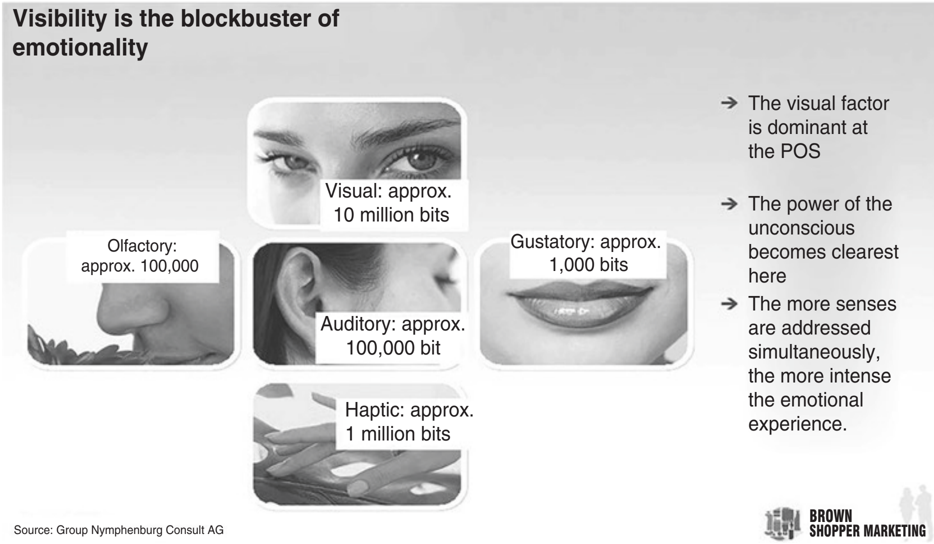

Fig. 16.5 Visibility is the blockbuster of emotionality. (Courtesy of © Gruppe Nymphenburg 2009. All Rights Reserved)

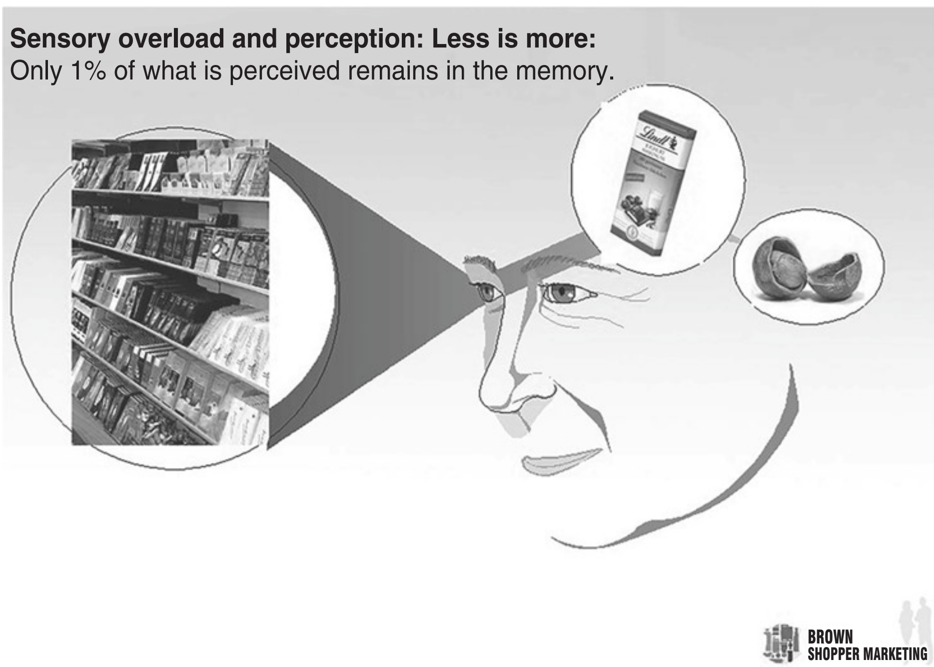

Fig. 16.6 Stimulus overload and perception. (Courtesy of © gdp 2008. All Rights Reserved)

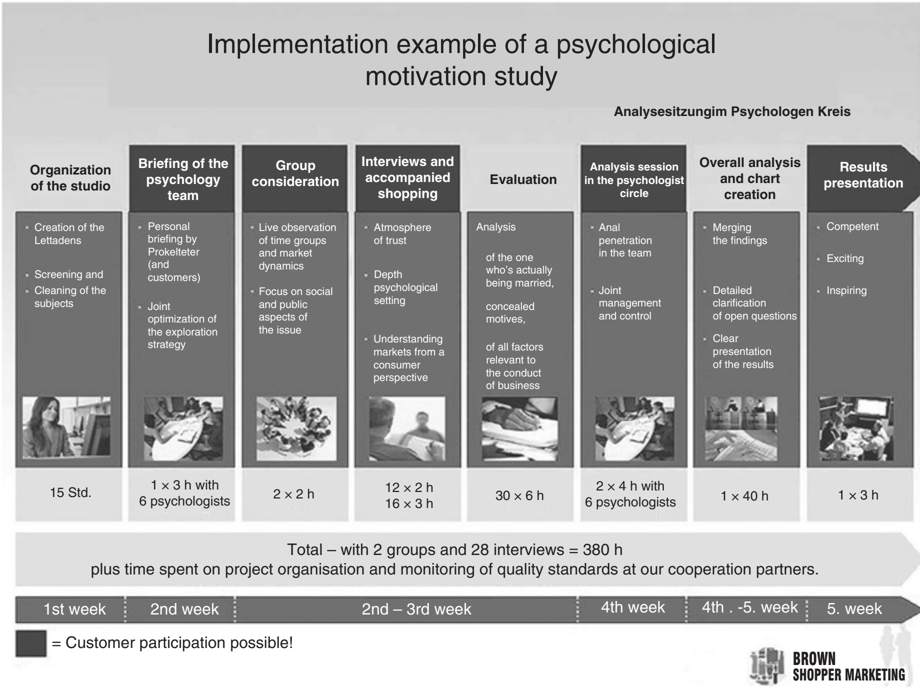

Fig. 16.7 Example of how to conduct a psychological motivation study. (After Rheingold 2011–2015)

a clear picture of the motivational situation. This is where the quality and usability of the study is decided.

First of all, it is important to determine the motivational situation in the country itself. What are the "no gos" and what is hip? What is hip and what is out (cf. Figs. 16.8 and 16.9)?

After that, it is important to find out what my brand core and that of my competitors is (cf. Figs. 16.10 and 16.11).

If I know how I and my competitors are viewed, I can position myself in the motivational space and identify one or more possible alternatives.

Where could it go? It is recommended to develop and test two alternative strategic directions. Are they feasible, can we do it and what is the acceptance among shoppers (cf. Figs. 16.12 and 16.13)?

16.4.3 What Do I Want to Be?

The positioning of the own brand results from the previous step (cf. Fig. 16.14).

For perhaps easier understanding, I continue with simple pictures (cf. Fig. 16.15).

Fig. 16.8 Results of a motivational study: Four purchase motivators

Am I Winnetou or Old Shatterhand. Or do I want to be in the future? Does the new positioning fulfil all six parameters mentioned in the positioning circle and, if not, which of the six parameters could not be fulfilled?

16.4.4 What Do I Have to Fulfil in Order to Experience the USP and Be a Brand: To Be Loved?

If I want to make the positioning tangible, I have to present myself in this way at all levels (cf. Fig. 16.16).

That is,

- That my price architecture and brand self-architecture must be adapted to this. This may mean that I have to develop a value own brand. More ECO …?!
- That my layout puts the core elements of the positioning in the foreground.
- That my location also signals the positioning from the outside and fits the positioning.
- That the product range must make the positioning tangible. If I say that I am the typical retailer of the country, I must also have the typical products of the country in my assortment.

Fig. 16.9 Results of a motivation study: Derived USPs

USP Competitor AA

Positioning USP	AA is the "exciting" price action platform for brands to grab a bargain.
Emotional unity	The "exciting" bargain hunting: "Smart shopping for me means always being on the hunt for bargains Since I'm happy when I can grab good brands or something special for a small price."
Rational Shopper Insight	The cheap brand bargains: "Shopping at AA for me means getting lots of name brand products and other stuff at low prices. I don't want to pay for the expensive ambience of the supermarket!"
Emotional benefit	"Exciting" shopping: browsing. Hunting instinct, "self-appreciating" bargain pride.
Rational use	More for Less: Lots of (brand) quality and good non-food bargains for little money (special price buys)
Reason why	High competence for promotional assortments and prices for brands Self-rewarding non-food promotions ("little luxury"). No such expensive ambience as at the supermarket.
Operational levers for the reason why	Relatively simple, businesslike atmosphere (compared to a supermarket). Promotional prices of branded products and non-food drive perception significantly more than own brands. High reliability in marketing
Psychological strengths	AA allows consumers to feel superior to themselves => **"AA offers constant bargain-hunting success in brands and non-food for the clever"**
Psychological weaknesses	=> AA has less own brand expertise, is primarily manufacturer brand marketer. => For some shoppers, AA is too stressful and can also overwhelm its customers. You have to be very well organized and strong.

Fig. 16.10 Results of a motivation study: USP Competitor AA

USP BB

Positioning USP	BB is the only value for money guarantor for fast, safe shopping of food and non-food items.
Emotional unity	The straightforward tempo shopping: .I concentrate on the essentials: I want to buy something good quickly - I don't need any frills around it and I still have the good feeling of not being exposed to any unnecessary temptations in everyday life.'
Rational Shopper Insight	"I trust BB: They don't have everything. But they always manage to offer good quality at the lowest price."
Emotional benefit	The good feeling of being able to handle everyday tasks safely and quickly (confidence!).
Rational use	The fast and trouble-free coverage of requirements for basic supply purchases & always keeping an overview & liberation from the agony of choice.
Reason why	Reduction to the essentials: Good assortment selection The best price-performance ratio Enhancement of the actually meager assortment through food-themed promotions and varied non-food (functional problem-solving articles).
Operational levers for the reason why	Fast, efficient stocking up: clear assortment with own brands. Freshness experience at O&G. Reliable permanent low prices Purist, reduced store design. Always the same store design and assortment (reliability).
Psychological strengths	BB is de brand High trust and familiarity. => One can access "blindly" and thus also very quickly (complexity reduction).
Psychological weaknesses	Reduction of .sensuality' Special foods and brands you buy elsewhere No diverse brand quality and emotionality ("abandonment"). => Comparatively rather "experience-poor" with dependence on complementary shopping places.

Fig. 16.11 Results of a motivation study: USP Competitor BB

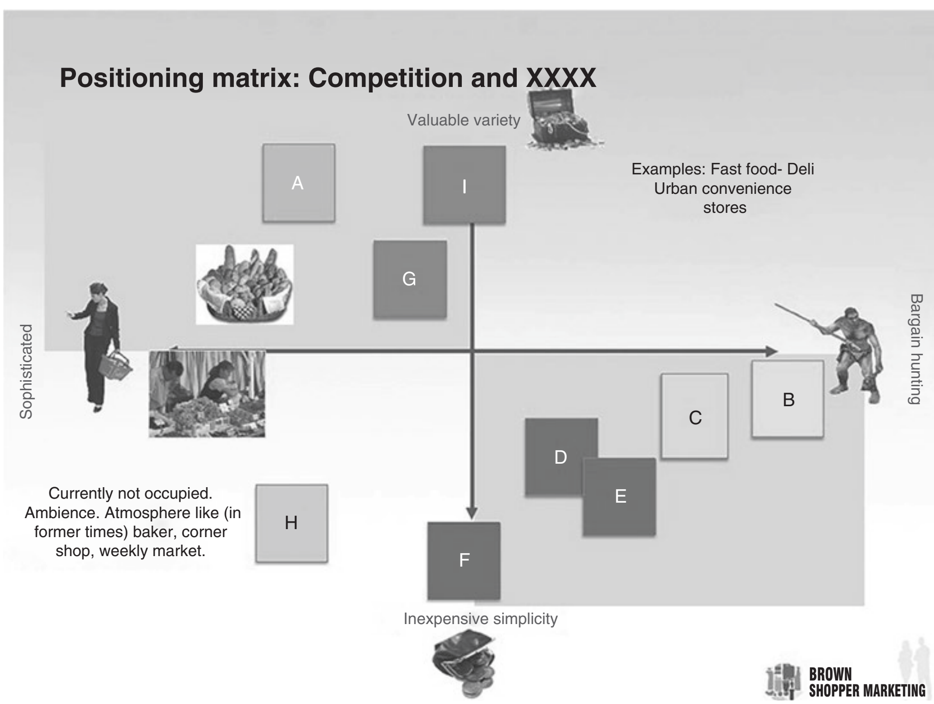

Fig. 16.12 Positioning matrix: Own brand in relation to the competition

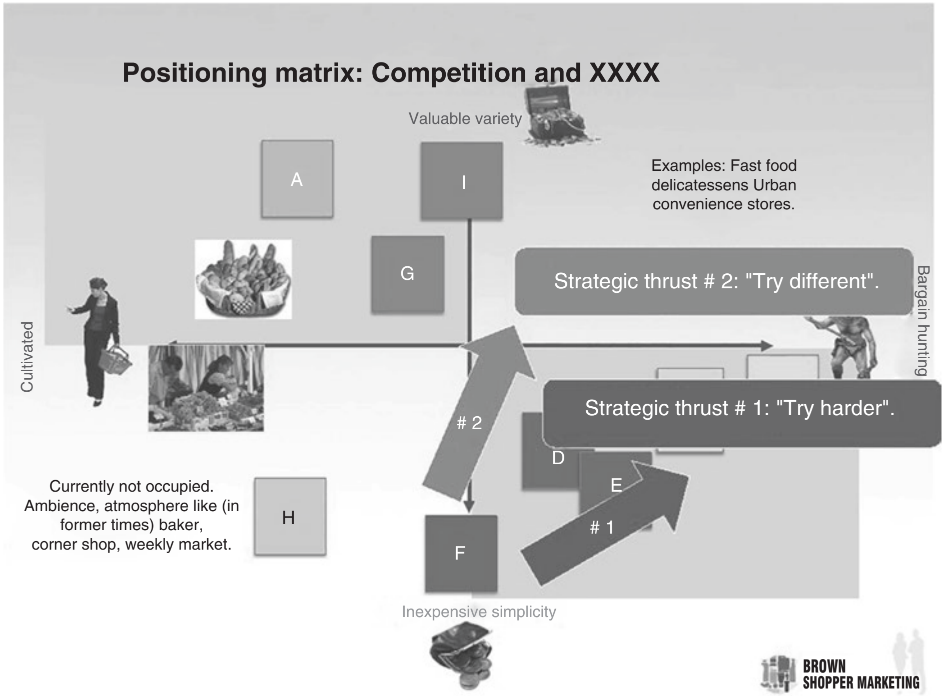

Fig. 16.13 Positioning matrix: Strategic thrusts

USP Competitor AA	
Positioning USP	AA is the "exciting" price action platform for brands to grab a bargain.
Emotional unity	The "exciting" bargain hunting: "Smart shopping for me means always being on the hunt for bargains There I am happy when I can grab good brands or something special for a small price."
Rational Shop per Insight	The cheap brand bargains: "Shopping at AA for me means getting lots of branded products and other stuff at low prices. I don't want to pay for the expensive ambience of the supermarket! "
Emotional benefit	"Exciting" shopping: rummaging, hunting instinct, "self enhancing" bargain pride.
Rational use	More for Less: Lots of (brand) quality and good non-food bargains for little money (special price buys)
Reason why	High competence for action assortments and prices with brands self-rewarding non-food actions ("small luxury"). No such expensive ambience as at the supermarket.
Operational levers for the reason why	Relatively simple, business like atmosphere (compared to supermarkets). Promotional prices of branded products and non-food drive Lidl perception significantly more than own brands. High reliability in marketing.
Psychological strengths	AA allows consumers to feel superior to themselves: => "AA" offers constant bargain hunting success in brands and non-food for the clever "
Psychological weaknesses	⇨ AA has less own-brand expertise, is primarily a manufacturer-brand marketer ⇨ For some shoppers, AA is too stressful and can also overwhelm its customers. You have to be very well organized and strong.

Fig. 16.14 What do I want to be?

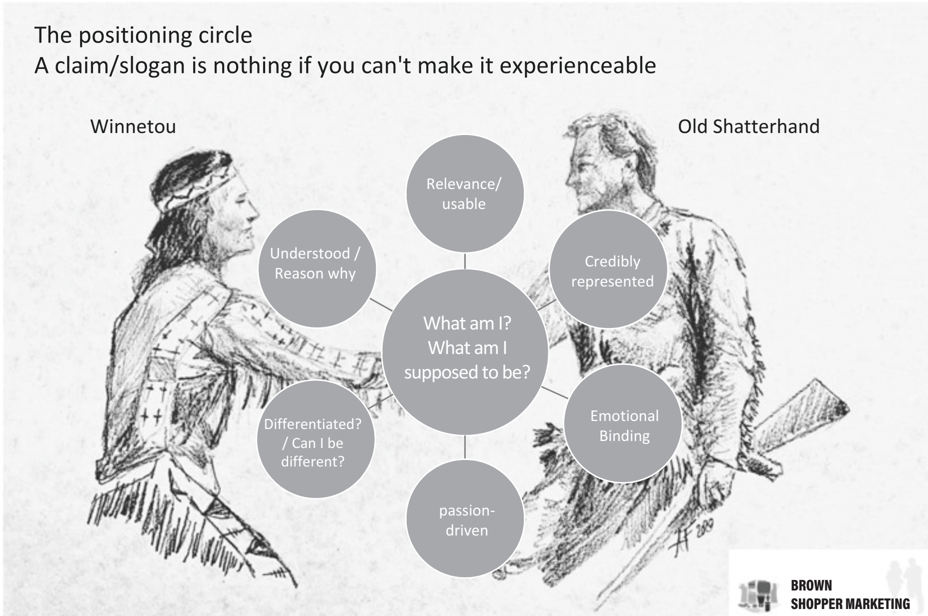

Fig. 16.15 The positioning circle

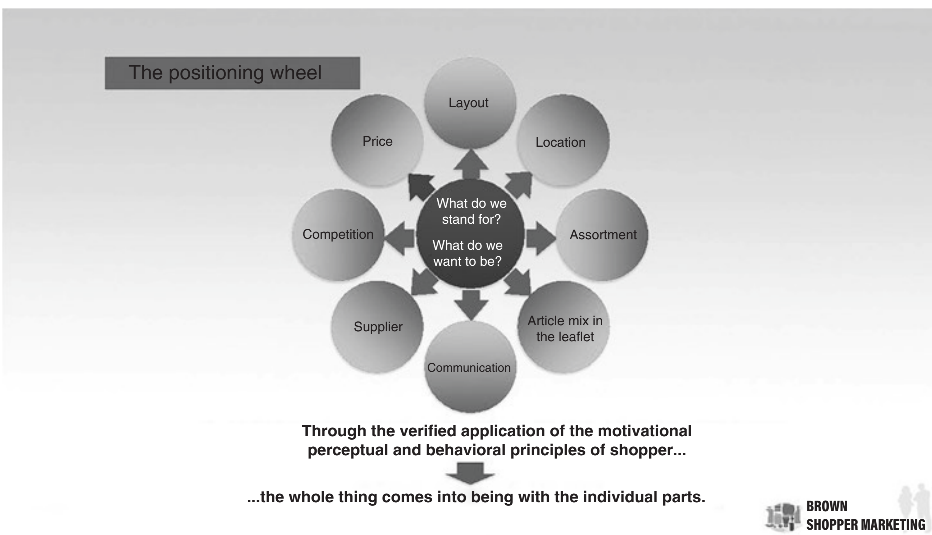

Fig. 16.16 The positioning wheel

- That my handbill actions must be pushing the positioning like a turbocharger.
- That my communication has to present the positioning in clear and understandable pictures and sounds, has to show the benefits.
- That suppliers must comply with the positioning with their products and packaging.
- That I have to clearly point out the difference to the competition.

Can I do that? If yes, then "go!" Otherwise, I promise something I can't deliver. And that falls on my feet.

There was once a very expensive advertising campaign of a German retailer who presented his shopping place in the most emotional pictures. When you visited it, you found yourself in another world. The result was predictable: Millions thrown out the window.

16.5 Putting Horsepower on the Road: Operational Implementation

Once we have developed the story and checked whether it can be experienced (Can we do it? And does it fulfil the six USP criteria?), the operational implementation work begins. How must "Winnetou" or "Old Shatterhand" be dressed and behave in order to be recognized and experienced as such?

The Operating Performance Drivers of the Brand
This refers to all the measurable levers that have a direct impact on the retailer's sales results.

- Assortment,
- Handout,
- Visibility,
- Price.

16.6 The TP Touch Point Concept

Where many people are, I can sell more. Where many people see, I can position my message better and make it visible. Categories and products that many people buy are my communication vehicles with which I can make my emotional positioning and value proposition tangible (cf. Figs. 16.17 and 16.18).

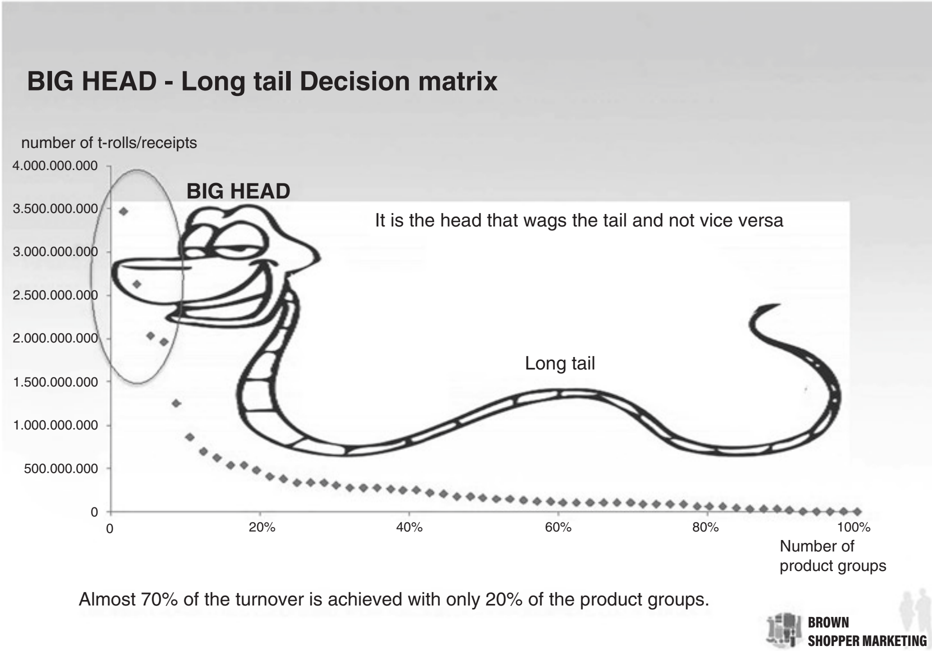

Fig. 16.17 BIG HEAD – Long tail decision matrix. (Adapted from Sorensen 2008)

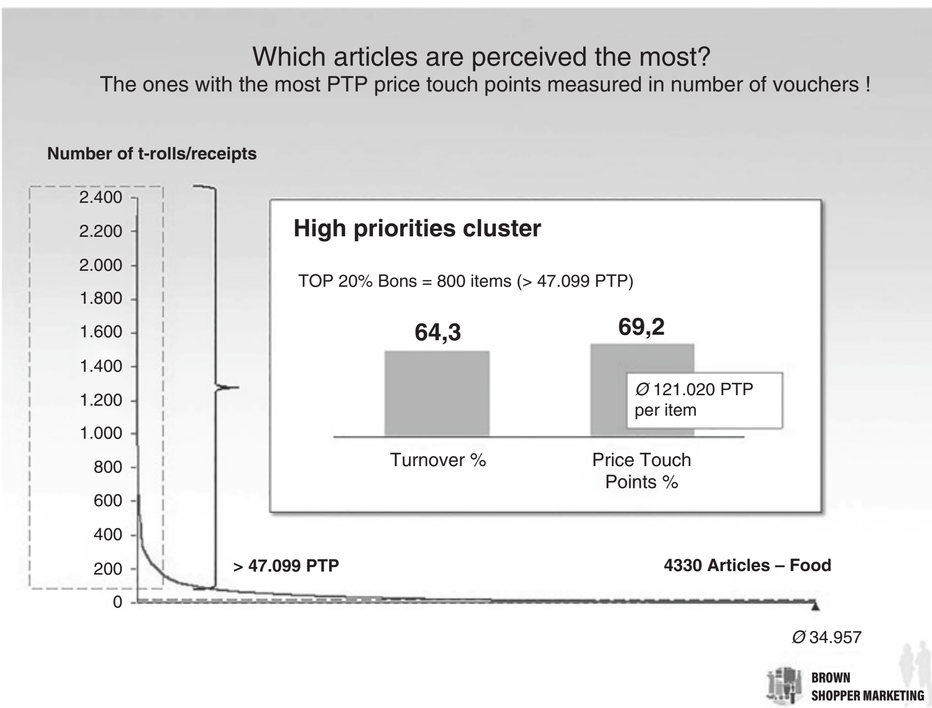

Fig. 16.18 Which articles are perceived most strongly?

16.6.1 Assortment Management

The Positioning Category

For consistent implementation of a positioning, I also need to clearly highlight my most important categories in terms of "over all positioning." They must and can be the turbo of my uniqueness. Here one should clearly proceed according to the principle that the head can wag the tail, but not vice versa. Where I have the most contact with my shopper, my message and images must be clear and unambiguous.

Question would thus be: Which of the shopper traffic categories can best make the Winnetou recognizable and experienceable?

Article Mix

This does not just mean simply doing an ABC analysis. What are the cornerstones of my positioning and which of the strongest articles from this environment can pay off on my USP (cf. Fig. 16.19)?

Category Marketing Roles

There is a clear distinction here from the positioning category. This is about how much visibility and pricing aggressiveness I put into this category. Based on my target

Fig. 16.19 The popularity stars of shoppers in the retail sector

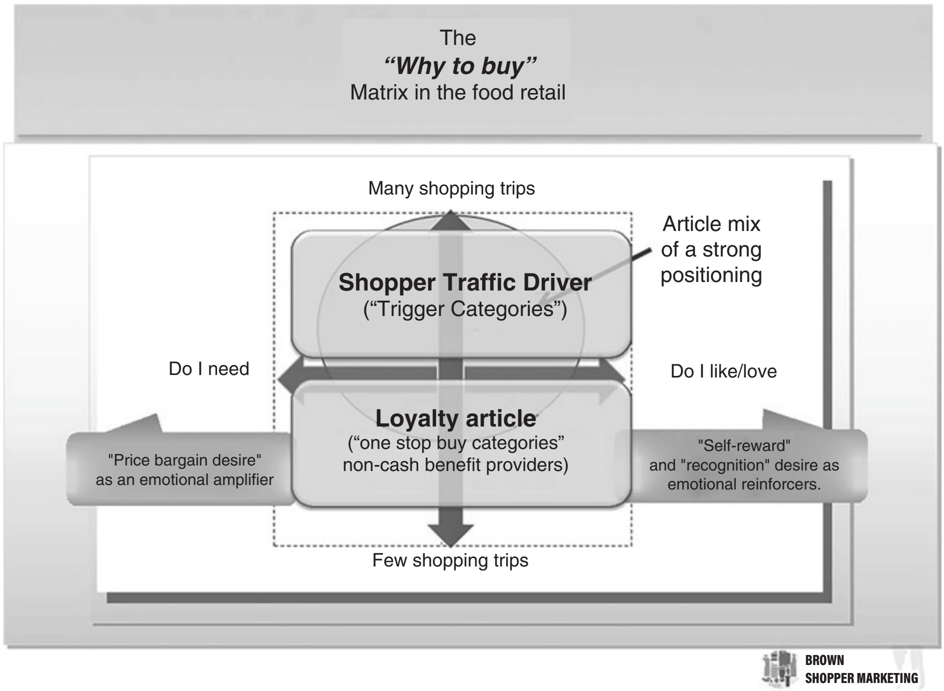

Fig. 16.20 The "Why to buy" matrix in food retailing

parameters of sales, revenue, CAGR and customer contacts, I weight the existing space shares to see what changes I need to make in the space allocation and associated visibility of the category to achieve my operational goals.

My orientation anchor is always the "Why to Buy" matrix and the desired positioning (see Fig. 16.20). What is the right assortment mix from the areas "do I need" and "do I love/like" to make my positioning as "Winnetou" tangible? What do I need to pay special attention to and how can I measure that? Of course, in the popularity of the articles – and this is expressed in the number of receipts and receipt penetration.

In monitoring the assortment perception of my products and categories that are considered to be significantly positioning, I measure the experienced reaction to my assortment measures (cf. Fig. 16.21).

Price Management

Here, too, we use the touch point concept. The articles that are bought most often have the most PTP = Price Touch Points with the customer and must therefore be used specifically and carefully for our positioning (see Fig. 16.22).

How many of my top 20% items are comparable to my competition and how? Where do I have to and/or should I react and how? In the PTP (Price/Touch Point System) matrix, obvious recommendations for action are presented (cf. Fig. 16.23).

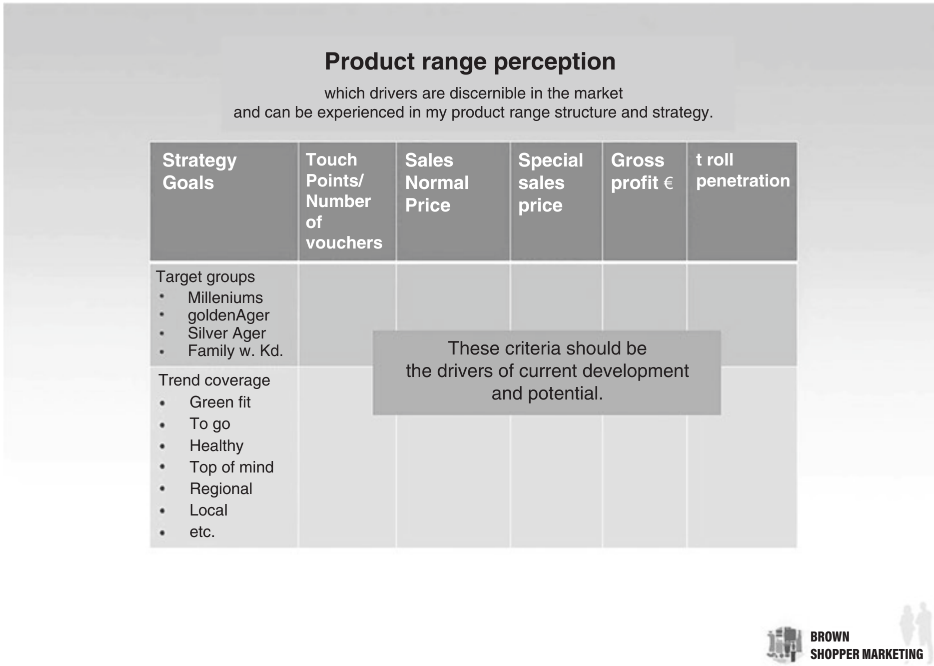

Fig. 16.21 Perception of assortment

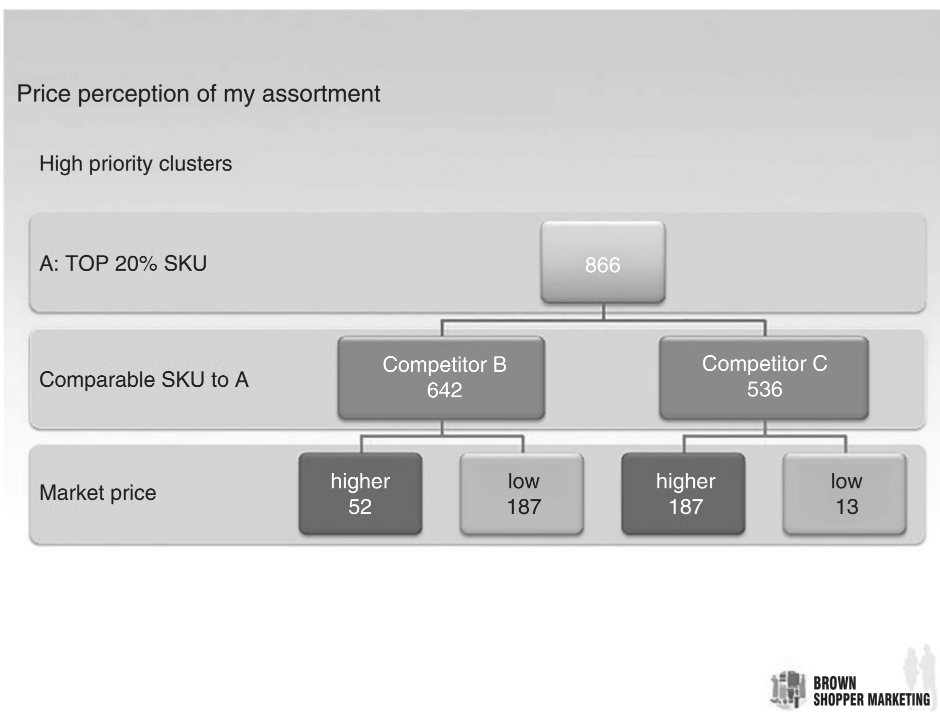

Fig. 16.22 Price perception of the product range

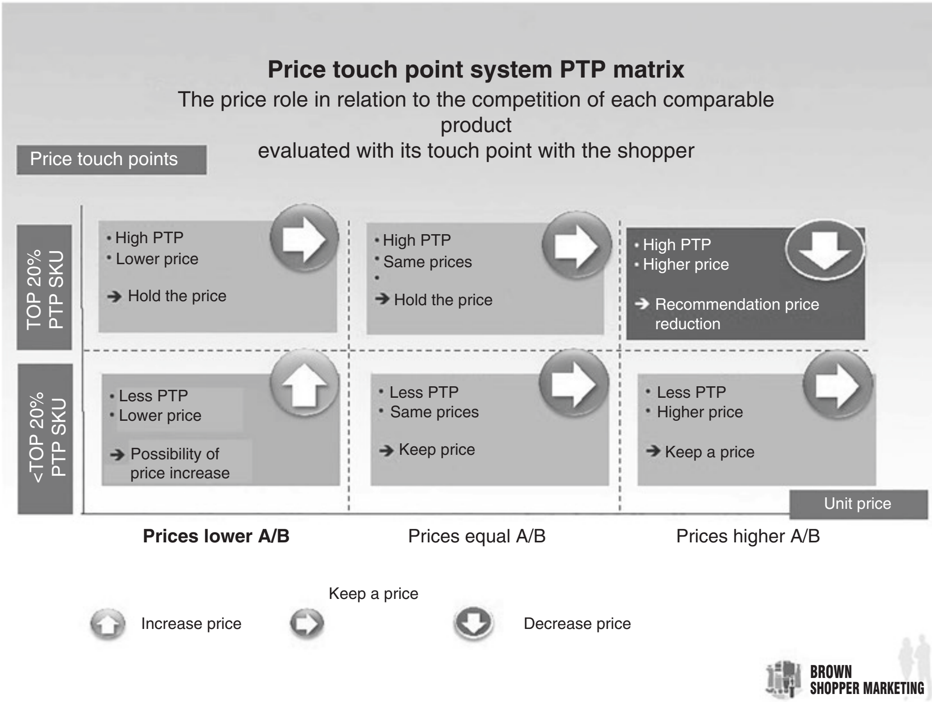

Fig. 16.23 PTP matrix

The result must make it possible to experience my positioning role in a direct comparison of the price image. Furthermore, it is important to bring the building blocks of the price image in line with the positioning (cf. Figs. 16.24 and 16.25).

16.6.2 Handout Management

The touch point concept comes into play here as well. If I, as an advertiser, want to reach a lot of people, I look for a communication station that has a lot of viewers or listeners. For example, I choose the TV station with the highest audience rating at prime time and not at 3 a.m.:

- What advertising pressure do I want to achieve per week in relation to my competition?
- What advertising pressure on the positioning categories?
- Which category mix?
- Which target group approach?
- What ROI do I want to achieve?

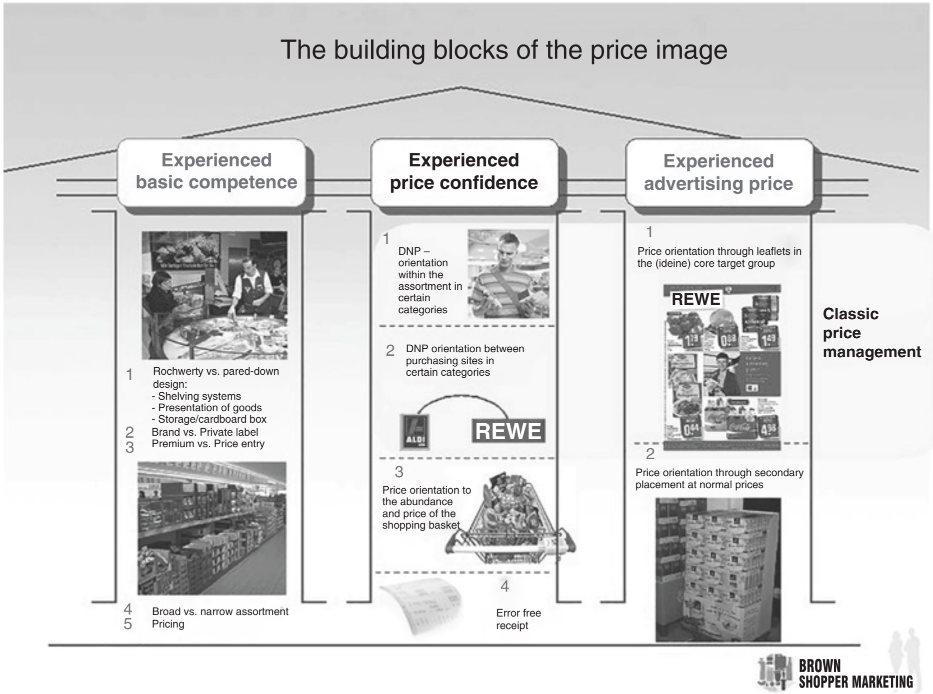

Fig. 16.24 Building blocks of the price image

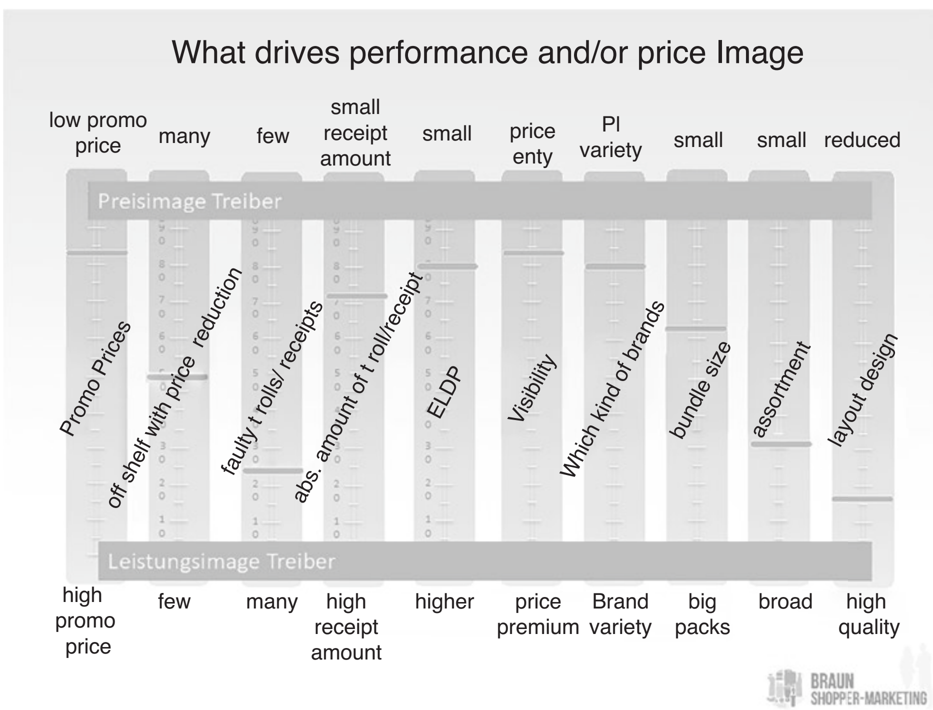

Fig. 16.25 Price image drivers

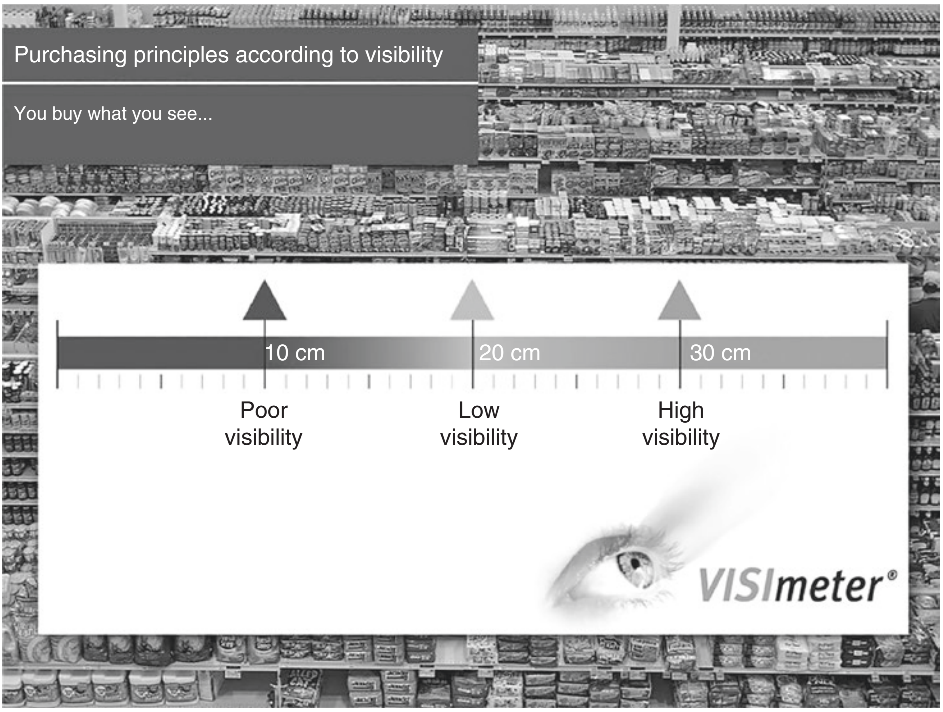

Fig. 16.26 Purchasing principles by visibility

I measure all of this with the realized receipts in the categories and on the individual products.

16.6.3 Visibility Management

Purchasing principles by visibility (cf. Fig. 16.26):

- The shelf horizontal/vertical: Are clear category blocks recognizable?
- The customer run – the circulation of the market: Are all areas of the market reached by the customer run?
- The VIFA factor of the store: The VIFA factor tells what percentage of the shoppers of a store can see the categories when visiting the store through the customer run. The higher the viewing rate, the higher the sales.
- The location of the categories in the customer run: Are the touch point categories placed on the “main street”?
- The look and feel of the store: Is the style of the store “Winnetou”-worthy?
- The Colour Code: Are the chosen colours “Winnetou”-fair?

How can my employees experience my positioning through their behavior and appearance.

- Courtesy
- Consulting
- etc.

16.7 Summary: What Is Shopper Marketing?

The task of shopper marketing is to determine and define a positioning from the motivational framework conditions and to make it tangible to the customer with all senses (cf. Fig. 16.27).

What is presented here is shopper marketing as the consistent further development of category management, which is rather applicable only as the management of a category, which does not really include the shopper/buyer as the decider. From the positioning as the decider to the design of the positioning and its marketing, it is described how I can design to the brand. Because the experienceable brand creates uniqueness and eludes price comparison, but not price elasticity.

Fig. 16.27 Shopper marketing

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Hermann Willi Braun is 35 years of experienced success in sales and marketing, nationally and internationally, in trade and industry. The traveller in terms of customer understanding, who has been searching for and analysing all the trends of this world on site every year since the 90s. Often also in joint store checks with owners of retail businesses. “The Godfather of Shopper Marketing,” who has significantly influenced the joint work in retail and industry by looking at things from the shopper’s perspective.

He is the networked thinker who developed the “Total Store Approach” to be experienced holistically. Who always explored the “why” to develop measurable and repeatable processes that had to work if you wanted to be credible at top-to-top level.

17 New Customer Acquisition and Lasting Customer Loyalty Through Holistic Branch Design

Birgit Schröder

Abstract

The competitive situation in retail has intensified significantly in recent years. Many formats are vying for the favour of customers. In addition, the profiles of the players are adapting more and more. Moreover, customers are becoming more and more demanding and are quite ambivalent in their needs. Hard facts are becoming less important when it comes to choosing a place to shop. A good feeling and a pleasant shopping experience are becoming more important. Retailers who want to stay ahead of the competition and retain their customers in the long term must address the various dimensions of their customers' needs and gear the entire shopping location to them. The total store approach with its ten building blocks provides concrete clues as to how multisensory aspects can also be sufficiently taken into account when optimizing stores. According to Wikipedia, the term "shopping" stands for an activity in which goods or products are procured in exchange for money in order to satisfy a need. However, those who study this topic know that shopping is a much more complex process than previously mentioned. Moreover, the shopping process of customers as well as their shopping behavior has changed a lot over the past decades. This development has experienced a completely new dynamic in recent years and it is to be expected that this movement will accelerate and intensify in the future.

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17.1 Introduction

17.1.1 Competitive Situation in the Retail Sector

Anyone who wants to buy everyday goods today is spoilt for choice: a large number of different formats vie for the favour of customers. These include discounters, hypermarkets, department stores, supermarkets, drugstores and specialty stores. In addition, there are online pure players and omni-channel retailers with their seemingly endless variety of goods. The battle for customers has intensified significantly in recent years. And the profiles of the various formats have become increasingly similar.

This makes it increasingly difficult for the individual players to differentiate themselves sufficiently from their competitors in the market. The discounters have caught up with the supermarkets in terms of store design and product presentation, and the immediate availability of goods of the stationary retailers has largely become obsolete as a competitive advantage over online retailers.

Retail is now in a permanent process of change, driven in particular by the changing demands of customers. And this process of change is taking place at a breathtaking pace. Hard factors such as selection, quality, prices, location and opening hours are becoming less important. Soft factors such as the shopping experience and, in general, the well-being of customers while shopping are becoming increasingly important.

In the long term, only those suppliers who succeed in satisfying the complex expectations and needs of customers with regard to their shopping and the place where they shop, and thus secure their loyalty, will be able to hold their own successfully on the market. Stationary retailing has the advantage that customers can grasp the merchandise and the offer situation with all their senses: Depending on the branch, they can see the goods three-dimensionally, feel them, smell them and taste them. At the same time, their perception is influenced by auditory stimuli. This advantage must be exploited in a targeted manner in order to offer customers the expected feel-good situation.

17.1.2 The Demanding Customer

The shopping behavior of customers has changed significantly over time: The act of simply meeting needs has become a multi-layered shopping experience. Today's shoppers are much more demanding and have sometimes contradictory expectations of their shopping destination. Exactly these demands must be met by retailers in order to retain customers in the long term.

Today's shoppers shop more consciously, are more demanding and less and less willing to compromise. They want a shopping experience that is more relaxed, more convenient, but also more inspiring than they often experience in reality. The problem: customers' tolerance for frustration continues to decline, so that retailers are less likely to forgive shortcomings. Dissatisfaction among shoppers leads more and more frequently and more quickly to a change of shopping location, possibly only for the shopping act just planned, but in the worst case even permanently.

Customer surveys (GfK SE and GS1 Germany 2019) make it clear that topics such as sustainability, regionality and transparency in supply chains are currently important to customers and that they have high expectations in terms of quality and freshness when shopping. Many customers also emphasise that the ambience in the store and the service provided by the retailer are highly relevant to them. In addition, the desire to save time and make shopping easier is expressed. Retailers should meet this need with clarity and orientation aids as well as corresponding services and offers. The needs of shoppers are partly conflicting when it comes to shopping: on the one hand, they want simplification and relief, but at the same time they also want maximum flexibility, control, choice and inspiration.

17.1.3 Holistic Purchasing Site Optimisation

In order to be able to serve these areas of need in the best possible way, a coherent overall appearance and a holistic approach to shopping locations is required. As already explained, the retail sector is facing enormous competition. The optimization of individual product groups within the framework of category management alone is no longer sufficient to successfully compete for customers and to become the shopper's favorite shopping destination in its target area. Retailers now have to think bigger. This is why many retailers are increasingly focusing their thoughts and actions on holistic shopping center optimization.

But this means more than just trading up, as we've seen with many traders in recent years. Trading-up is about making the markets more modern and visually appealing. This is what customers expect today. But it's only part of the solution. Shoppers need to find optimal conditions in the store from their point of view. This starts with the inviting ambience of the shopping location, continues with the customer-oriented assortment and the quick findability of the products as well as the availability of goods and includes many other criteria. Only when the retailer delivers a coherent overall appearance has he created the prerequisite for being chosen by as many customers as possible as the preferred shopping location and thus being able to position himself successfully on the market in the long term.

17.2 The Total Store Approach

17.2.1 Definition

The total store approach is the holistic, cross-category optimization of a shopping location. It takes into account findings from category management, especially regarding the needs and expectations of customers. The primary goal is to exploit the potential of the stores and their target customers as best as possible. The primary focus is on winning additional shoppers and, in particular, on ensuring the long-term loyalty of regular customers for the retailer. The intention here is to clearly differentiate from the competition. Further goals from the retailer's point of view are image gain, positioning as a preferred shopping location, increasing customer frequency as well as increasing the average receipt.

The Ten Building Blocks of Total Store Optimization

1. Location of the place of purchase
2. Store image
3. Store selection
4. Offer/assortment
5. Customer walkways
6. Category-Neighborhoods
7. Placement
8. Shop design
9. Service & Staff
10. Pre-checkout area

The total store approach comprises ten building blocks (Fig. 17.1) that all retailers should consider when optimizing their stores. Each retailer must define its own focal points according to its initial situation and general conditions and align its strategy accordingly. The total store approach helps to define possible challenges as well as areas of potential and to take the appropriate measures. Through this systematic approach, a holistic, customer-oriented design of the shopping location can be realized (GfK SE and GS1 Germany 2019).

One challenge is to address the different dimensions of customer needs in a networked manner. The individual measures must form a coherent picture.

Today, retail companies can no longer survive successfully in the market if they only optimize individual building blocks. For example, a store will not remain relevant to its customers if it carries a great, comprehensive assortment but the store's design does not make it inviting to shop at all. Looked at the other way round, it is also not enough to run inviting, beautifully designed stores if, for example, the assortment does not meet the

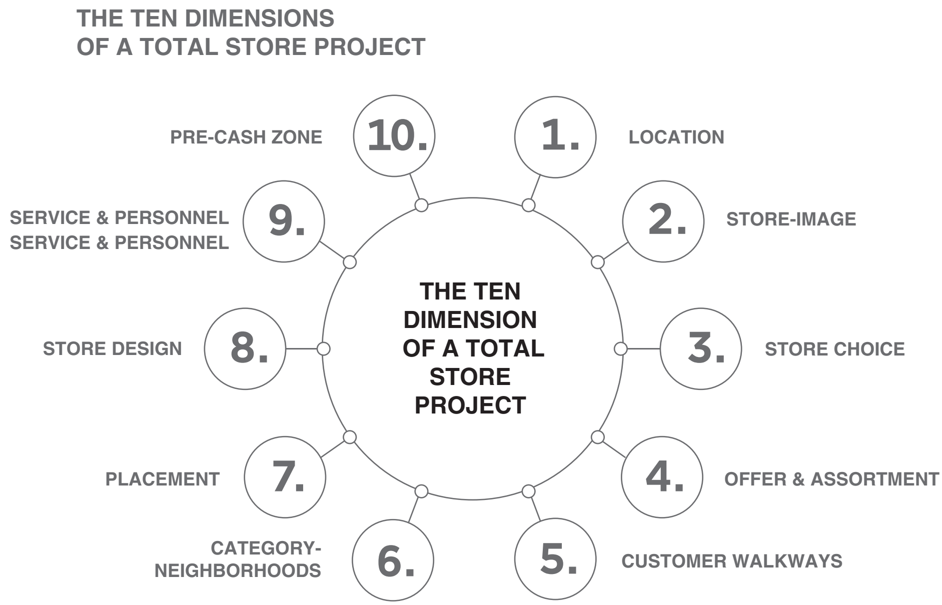

Fig. 17.1 Ten total store blocks. (Adapted from GfK SE and GS1 Germany 2019; courtesy of © GfK SE and GS1 Germany 2019. All Rights Reserved)

customer's requirements in terms of availability and quality. In both cases, customers will choose other stores as their preferred place to shop. In other words, the investments made by retailers in trading-up and emotionalization in recent years will only pay off if all building blocks are addressed. The overall view of the shopping location is therefore indispensable.

In the following, only the building blocks of the total store approach in which multisensory plays an important role will be discussed in more detail. These are:

- Offer/assortment
- Customer walkways
- Category-Neighborhoods
- Placement
- Shop design
- Service & Staff

17.2.2 Supply/Assortment

Depending on the sales channel, the customer expects a different range of products. In supermarkets, for example, they want a wider selection across all categories than in discount stores, and in drugstores, for example, they want a more competent range of personal care products than in supermarkets. If retailers fail to meet these expectations, they will lose customers to competitors, at least for individual shopping acts. The following applies to discounters: customers perceive too much choice as counterproductive to shopping efficiency. Discount customers want to complete their shopping there as quickly as possible. In supermarkets and drugstores they are prepared to invest more time. And in the hypermarket, they deliberately plan more time for shopping because the assortment there is much broader overall than in other shopping locations. In all sales channels, however, the principle of "less is more" should be taken into account in order not to overwhelm the shopper with the assortment selection and consequently not to risk a purchase cancellation.

The following applies to all distribution channels: Customers have high expectations with regard to the quality and freshness of the goods on offer. These expectations are much more pronounced in fresh categories, such as fruit and vegetables, bread and bakery products, and fresh meat and fish, than in so-called dry categories, such as cereals, spices, etc., or near- and non-food categories.

In food retailing, the fresh food departments are important profiling areas and at the same time the flagships of the stores. They therefore receive special attention across all internal processes and experience a high level of resource deployment. In these product groups, customers shop with all their senses. They pay particular attention to the appearance of the products, try them out by touch if possible, and may even smell them. The goods must therefore first pass an intensive "quality control" before they actually end up in the shopping trolley. Eyes, nose and sense of touch decide here whether to buy or not.

However, this also applies to other product groups where customers do not have such a pronounced need for quality. No customer will reach for dented tins or damaged packaging if they have the option of buying an undamaged product, knowing full well that the contents are unlikely to be affected. This is just as true for non-food products and especially for high-value items.

This means that, in principle, the selection at the retailer must meet the customer's expectations, but the goods must also be visually convincing so that a purchase is actually made.

Customers are not amused by sold-out products and shelf gaps, especially if the missing items are everyday products or items for which they had chosen precisely this shopping location. Repetitive out-of-shelf situations lead to dissatisfied customers, have a negative impact on the store image and can also permanently lead to a change of shopping location.

Shoppers have particularly high expectations of the selection and availability of products at supermarkets and hypermarkets. Both factors shape the image of these stores in a relevant way and are decisive for the fact that customers head for these shopping locations. Shoppers selectively visit certain shopping locations to purchase certain categories or products. In most cases, these are the profiling categories of the retailers with which they differentiate themselves from the direct competition and with which they want to attract customers to their stores.

17.2.3 Customer Walkways

The customer routing in the store has an influence on the shopping experience and the satisfaction of the shoppers. Depending on the type of shopping, e.g., impulse buying or stocking up, shorter or longer routes through the store are preferred. A guided customer walk, as some retailers specify through the arrangement of the merchandise racks, is accepted by shoppers as long as it offers shortcut options and a certain degree of flexibility. The shopper, however, does not like to be completely controlled by others, but would like to be able to manage his or her own path through the shopping facility – and thus also his or her own time management.

Many customers attach importance to being "greeted" with certain product groups in the shopping centres and to being "put in the mood for shopping." For example, a large proportion of shoppers in food retailing are in favour of the fruit and vegetable department being positioned in the entrance area. "Rummage categories" such as "baby/toddler" or non-food items should ideally be placed at the back of the sales area so that customers can linger there in peace and take their time to make a purchase decision.

Customer guidance is often only perceived subconsciously by shoppers and then usually accepted as a matter of course. It becomes critical when they have the feeling of being externally determined and not being able to decide for themselves how and for how long they stay in the store. In this case, customers quickly develop a feeling of dissatisfaction. Exceptions are branches of retail companies that have relied on the principle of forced customer management for many years, e.g., Ikea. Here, customers know that they will first be guided through the display and adjust to this. Or they forego the inspiration deliberately intended by the retailer and choose the direct route or shortcut, as in this case to the self-service hall.

In food retailing, only a few retailers choose such strictly prescribed routes or, in the meantime, partially soften them. Nevertheless, it is the goal of every retailer to direct its shoppers through the shopping location by zoning the store and the specifically selected arrangement of the shelves and refrigerated display units, thus optimizing the "circulation" of the store and controlling the frequency in the individual aisles. Magnetic merchandise groups, i.e., merchandise groups that are purchased very frequently and in a planned manner, such as dairy products or meat and sausage products, are placed in the store in such a way that customers have to open up a large part of the store when shopping. In doing so, they are guided past product groups that have less appeal or are often purchased spontaneously in order to attract attention to these categories as well.

However, retailers should proceed with a sense of proportion and show tact when changing walkways in their stores. If this affects customers' time management, there is often a fine line between acceptance and unacceptance.

However, if the customers accept the walk-through guidance, great sales growth potentials can arise for the retailer. He then has the possibility to steer a large part of his customers specifically through the shopping site and to direct their attention to more product groups. In this way, the visibility of individual categories can be significantly increased.

For a product to be purchased, it must be seen and perceived by the customer. With a planned purchase, the customer usually searches until he has found his product. With impulse buying, on the other hand, this incentive must be actively triggered. With increased visibility, the potential purchase rate increases significantly. This applies in particular to impulse product groups such as confectionery, convenience products for immediate consumption and beauty articles. Retailers should therefore place these product groups in particular in well-frequented areas of the shopping location in order to improve visibility and increase the conversion rate. In other words, an increased viewing rate for impulse product groups leads to an increased purchase rate.

17.2.4 Category Neighbourhoods

Customers today no longer necessarily think in terms of individual product groups, but rather in terms of category or theme worlds. Examples of such category worlds are, for example, "breakfast," "beverages" or "care." This means that the shopper expects, for example, that all product groups that fit the theme of breakfast, such as bread and baked goods, cereals, jams and hot drinks, are placed in the store in close proximity to each other.

If the retailer takes this into account, it increases both the customer's shopping experience and their shopping efficiency. This leads to higher customer satisfaction and also pays off for the store image.

In this way, the retailer also increases the chance of combined purchases and thus of additional sales as well as higher average receipts. Within the category worlds, it makes sense to present highly frequented and less frequented product groups in direct proximity. The high customer frequency in the bread and bakery products category, for example, can have a positive effect on the purchase frequency of sweet spreads if these two product groups are placed next to each other, because the customer's attention is thus more frequently drawn to the jams & co. product group.

The same effect can of course also be achieved if product groups are spatially combined that have no thematic connection to each other. For all product groups that tend to be purchased spontaneously, the visual perception by customers alone often triggers a buying impulse. This should be sufficiently taken into account when planning the space and arranging the product groups.

17.2.5 Placement

The placement of the individual categories has a direct influence on customer satisfaction and ideally ensures a positive shopping experience. It is important to shoppers that the categories are clearly structured and intuitive, and that the shelf structure is well-ordered. So what does a sensible placement of the product groups and the best possible arrangement of the products on the shelf look like?

Basically, it can be stated that the products that logically belong together for the customer and fulfill a certain need or expectation must be placed spatially coherently. This means, for example, that all soft drinks should be presented in one area. In some stores, this is solved differently because, for example, beverage crates with mineral waters have different logistical requirements than fruit juices, which are delivered in handy containers. For customers, however, these internal reasons do not play a role. They have certain expectations and these should be sufficiently taken into account in the placement.

An optimal placement is therefore essentially based on the logic of the shopper. The retailer's goal should be to take this logic into account so that customers can quickly find their way around thanks to a clear structure and order of the categories. This means in concrete terms: well sorted and illuminated shelves in which the different assortments are well demarcated from each other and thus distinguishable.

In addition, it is important to provide customers with support in finding the targeted product group and the desired product. It must be taken into account that customers are often in autopilot mode when shopping. Visual stimuli are only perceived in the range of milliseconds or fragmentarily.

Orientation in the shopping centre and finding the product group should therefore be made easier for customers, even from a distance, by means of large, unambiguous lettering or clearly understandable images, so-called wall and top signs, in the sense of signposts. The use of shapes and colours as well as images is also recommended. The latter often additionally simplify perception and contribute to emotionalisation. In addition, the side walls of head gondolas can be used for the visualization of product groups and thus serve the shopper for orientation.

Anchor brands also play an important role in customer orientation. Anchor brands are manufacturer brands that have a high degree of recognition among shoppers and behind which there is a large shopper reach. If customers perceive this anchor brand in the store, they locate the product group and know that the other products and brands in this category can also be found on this shelf.

In addition, the stocking of the individual shelves, i.e., the specific shelf structure, should be based on the most important purchase decision criteria of the customers in the respective category. If, for example, gender is the primary deciding factor in product selection, the products should be placed separately on the shelf according to men's and women's items. This is the case, for example, with cosmetic products such as deodorants. In other categories, the most important criterion could be the variety or brand, for example. This has to be found out category-specifically via shopper studies and implemented accordingly. By changing from unstructured to "shopper-oriented" shelves, enormous increases in sales can be achieved. Additional visual aids, such as shelf flags or shelf rails, can also serve as valuable orientation aids for customers. However, when it comes to placement, the following also applies: Well-intentioned is not always well-done. Too many indications on the shelf can also confuse the customer, make the shelf appear unsettled or even be overlooked. It is therefore important to find the right level of support for the customer.

Quick orientation is an important reason for most customers to prefer a shopping location. As already mentioned, they want to complete their shopping as efficiently as possible and not spend a long time searching for products. A lack of orientation aids and confusion inevitably lead to customer dissatisfaction and then to a loss of customers and sales.

Other annoyances for shoppers include crowded aisles that make it difficult to access the merchandise rack and special placements, as well as shelves that are too high with inaccessible shelves.

According to the wishes of shoppers (GfK SE and GS1 Germany 2019), new products and special offers should be placed as conspicuously as possible. Ideally, these should be clearly identified in the regular placement on the shelf and additionally offered in the form of a promotional placement. This reflects the ambivalent need of shoppers to want to shop as efficiently as possible on the one hand and to be inspired by special offers on the other.

17.2.6 Shop Design

Shoppers show enthusiasm for spacious stores and a feel-good atmosphere that creates space for experience. Unlovingly designed stores and a lack of hygiene, on the other hand, cause dissatisfaction when shopping and have a negative effect on the quality perception of the retailer as well as the merchandise carried.

Customers want shopping venues where they can move around without worry. This also includes that the aisles are wide enough. There should be room for at least two shopping trolleys next to each other without the shoppers obstructing each other. Main aisles in stores should be even wider from the customer's point of view. However, they are not concerned with shopping venues becoming larger and larger in terms of space. Here, they still want a clear differentiation between the individual sales channels.

In order for customers to experience the desired shopping experience, a friendly and relaxed atmosphere is needed in the shopping location. This is now expected in every sales channel, i.e., in discount stores as well as in supermarkets or drugstores. Shoppers perceive the shopping atmosphere with all their senses.

Shops whose furnishings are based on natural materials such as wood and light, friendly colours are perceived as pleasant. In addition, the right lighting is playing an increasingly important role. Flat neon lighting is considered unpleasant by customers, accentuated lighting very positive and atmospheric. Warehouse character, too much concrete, too little or too artificial light as well as goods placed predominantly on pallets have a negative effect on the feel-good atmosphere of customers and should be avoided in shopping areas. Furthermore, a loveless store design can lead to a negative perception of the quality of the goods presented because customers unconsciously deny the retailer passion and competence.

Discreet and not too loud music also has a positive effect on the mood of most customers. Meanwhile, various psychological studies and publications, including (Toth 2019), have shown that music can strengthen purchase incentives and lead to increases in sales.

Unobtrusive, quiet background music, especially in the tonal minor, makes people linger longer in the store and can lead to higher sales. However, it is important to be very sensitive with the playing of music and to adapt it to times of day and customer frequencies so as not to achieve a detrimental counter-effect. In the meantime, there are special providers who have specialized in this topic, because it literally depends on hitting the right note when it comes to store sound systems.

Various studies and publications, e.g., (Forschungsgruppe Konsum and Verhalten 1998), also show that shopping facilities that use professional room scenting are rated more positively in many respects than shops that are not scented. Even worse: If the customers perceive an unpleasant smell during their shopping, they will only get what they need there, leave the store as quickly as possible and possibly not visit it again. Unpleasant smell is also often equated with poor hygiene and low quality of goods.

Dirty shopping locations are an absolute no-go for shoppers. Contamination, especially on the floor, on the shelves and in the vicinity of the beverage dispensers, has an extremely negative effect on the store image and thus also on the retailer image.

By the way, it is not only the appearance in the store that counts here, but also the availability of well-kept shopping trolleys and baskets, a clean pre-checkout zone and the well-kept outdoor area of the shopping facility. A neglected impression can also be created by empty outer packaging and boxes lying around, unattractive displays as well as rubbish that has not been disposed of and overflowing waste bins.

Turning a “grungy image” into a positive is difficult and lengthy for the retailer, if possible at all.

17.2.7 Service and Personnel

Customers want staff in shopping centres to be approachable, well-groomed, friendly, helpful and competent. Frequently complained about are unfriendliness of the store staff, lack of helpfulness, hectic or even sluggishness, lack of knowledge regarding location and availability of articles, product ingredients and price information.

Other shortcomings that often lead to customer annoyance are: Lack of staff, queues at checkouts and service counters, unstaffed service points, overcrowded and dirty reverse vending machines, shelves that are not restocked, and expired merchandise on (refrigerated) shelves. These negative shopping experiences often leave a lasting impression on shoppers.

Self-checkout counters, for example, are considered to make sense in principle because they give customers the opportunity to complete the purchase in a self-determined and time-efficient manner. However, this presupposes that they are fully functional and that employees are available to provide support if needed. If this is not the case, self-checkout leads to great displeasure among customers and the additional service is perceived as an “imposition.”

In general, the following applies to the checkout process: The human factor is decisive. The employees at the checkout have a great influence on the satisfaction and the famous last and lasting impression of the shopping location with the customers. Here, the commitment, but especially the facial expressions of the employees as well as friendliness and tone of voice play an important role. A smile costs nothing and yet is so valuable.

Retailers should therefore not only focus on the professional qualifications of their employees, but also on social skills and manners.

17.3 Summary

The Total Store process with its ten building blocks forms the basis for successful, holistic store optimization and at the same time structures the numerous activities that should be designed and implemented as part of such optimization. It should be borne in mind that there is no one way or one solution: the Total Store should always be optimized on a location-specific basis (or alternatively on a market type-specific basis) against the background of the available data and insights as well as the desired retailer image. As in category management, the shopper should be the focus of all considerations, decisions and implementations.

Holistic shopping center optimization can only be planned and implemented in a costly and resource-intensive manner. The retailer and target group strategy must be taken into account.

At this point, a quote from Jeff Bezos, Amazon's CEO, is very fitting and makes you understand the company's success: "We see our customers as invited guests to a party, and we are the hosts. Every day, our job is to make every important aspect of the customer experience a little better."

The Total Store approach follows precisely this principle and thus offers retailers the opportunity to successfully meet the ever-increasing demands of their customers, to develop into the preferred shopping destination for shoppers or to assert themselves as such in the long term in the face of fiercely contested competition.

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Birgit Schröder has been focusing on the topics of category management and shopper experience for more than a decade. She advises and coaches in this environment and also trains retailers, manufacturers and service providers on the subject. In numerous practical projects, she has gained deep insights into the challenges of retail and found answers on how to successfully meet the ever-increasing customer expectations and how to survive and grow successfully in the market in the long term. In doing so, she is strongly oriented towards the idea of Efficient Consumer Response (ECR), with the conviction and experience that a cooperative approach within the scope of antitrust possibilities between retail and industry with a focus on the shopper achieves more positive results in most cases than a unilateral approach by market participants.

18 The New Goldmine: The Perfect Customer Portal in the Physical World

Marion Marxer

Abstract

Personal encounters are unbeatable. In many ways. Here you will learn how to turn a store project into the ultimate portal. The success characteristics for a distinctive store personality are highlighted as well as hip current trends that will give you the decisive kick. You will receive guidance and the necessary tools to launch groundbreaking new store types that create value on all levels: for you as an entrepreneur (cost efficiency), for your employees (identification) and the people who walk through the portal (enthusiasm).

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18.1 Build a Store that Runs: How to Wow Your Customers and Keep the Cash Registers Ringing

Welcome to the do-it-yourself section of this book. Here you will get everything you need for the perfect physical store. In addition to concrete building instructions, you will also find all the important tools as well as valuable checklists. What's more, you'll realize that all the new possibilities of our modern age make a store richer, not more complex. And that the implementation is not as complicated as you might think.

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18.1.1 Why the Old Shop Is Dead: And Why That's Good

In the past, the store was the place where the purchase transaction took place. It had a clear profile and a clear task: to take money out of people's pockets. The means were a friendly smile, good products and prices that corresponded to the value of the products.

The store was the sole place of activity. All other activities such as advertising, events, customer service were only there to fill the store. In other words, the type of interaction used to be determined by the touchpoint itself. In the store you bought things, in front of the screen you were bombarded with ads, on the phone you asked questions or complained. That's no longer the case today. At hybrid touchpoints, the customer decides what kind of interaction takes place. And that's a good thing. Customers have become more agile and demanding, and their needs ensure that the store can develop its true potential.

Touchpoint
A meeting place or encounter between people or other representations of a company with people who relate to you. Mostly customers and potential customers.

Hybrid Touchpoints
Touchpoints which – from the company's point of view – take over several functions (e.g., communication, sales, customer care, research). Every visitor decides for himself, mostly spontaneously, what he wants today.

The New Store Can Do More, But Not Everything
For years, brick-and-mortar retailers have been trying to be a bit like online stores. That is a mistake. It should rather concentrate on what its digital brothers and sisters cannot do. For example: appealing to all the senses, not only showing products but also letting them be felt and smelled, and allowing interpersonal encounters between buyers and sellers.

Today's store finds its place in complementing web shops and social commerce. Its profile and mission are different. Some customers come to the store to try out the product and get advice, but then buy it online. Others inform themselves online and have already made the decision to buy when they enter the store. To be successful in the long term, the store must position itself according to its strengths. This also means that it leaves certain demands to online retail without a fight, especially these two:

Price Leadership
The best prices are on the net. Period. A low price promise is not only a losing battle, it's also bad for the bottom line. Selling through a physical point of sale with store staff is more complex and expensive.

Offer Width
The biggest selection is on the net. Period. The Internet knows neither limited regular space nor spatial distance. Offers miles away are only a click away. Physical offers in one place can’t keep up.

Therefore: Since the selection on the net is unbeatable high and the prices unbeatable low, leave these fields to the digital channels. Renounce bargain hunters and go in the opposite direction.

Social Commerce
Direct sale via social media. The transaction takes place directly on the platform, without forwarding to a web shop.

The Future Belongs to the Anti-web Shop
Play the cards you have with a three-dimensional store and design the customer experience sensually and sustainably. Look for the type of person who will find what makes them happy in your store. Rely on the advantages of the physical world.

18.1.2 Seven Tips to Make the Shop a Popular Meeting Place

Bet that even as you read it, you’ll begin to mentally adapt the following points to your business? That’s it. Let’s get started:

First: Focus on People (Focused)
The focus is not on the customer, but on the person. Not a specific customer group, but a specific type of person. This can neither be defined by socio-demographic criteria nor put into the slippery skin of personas.

The common denominator lies in more personal characteristics that are often not visible from the outside, such as life concept, values, motivations, longings, fears, interests and character traits. These determine their actions and decisions in everyday life as well as their decision-making and communication behaviour.

The people of a so-called Circle have at least one common denominator, which is decisive for what kind of products and services are relevant, what topics are interesting and what arguments are convincing.

> People are not A today and B tomorrow.

> People are A and B today and A and B tomorrow.

A person can therefore belong to several Circles because they simply reflect different aspects of their life and facets of their personality. This approach enables you to come up with differentiating value propositions, novel offers and surprising ideas and touchpoints. Whereas your competitors are drowning in the uniformity of interchangeable products and irrelevant content, because the entire industry takes the same market research findings from identical and unimaginative customer surveys as a basis.

Circle: A group of people who have – ideally identity-forming – common characteristics (attitudes, motivations, needs, fears) that are decisive for the way they make decisions and which arguments have the greatest effect at which point in time.

Second: Curated Selection (Curated)

A wide range with a large selection of products, most of which differ only marginally, has two decisive disadvantages: high time expenditure for product comparisons and uncertainty regarding the right choice. Therefore, you should rather rely on the motto: less is more. Put together a small, fine selection for your Circles (customer types) that corresponds to their lifestyle. With the right arguments and criteria that express the attitude of the Circles. This will help your customers to find the offer that is best for them. In addition, you convey the good feeling of having made the right decision. Limiting the choices is perceived as a service that saves time and nerves. Replace product departments with customer type specific islands, this creates trust, connection and identification.

Example

The Liechtenstein energy company has designed the entire product range around five energy types. In the EnergieLaden with corresponding themed islands and curated range (Fig. 18.1). Conversations revolve more around the life and needs of the customer. This results in proposals for very specific offers that optimise quality of life and everyday efficiency for precisely this lifestyle (Marxer 2020).

Thirdly: Multidimensional Offer (Multi-faceted)

Don't just offer individual products, because customers can compare them one-to-one on the web. Put together exciting packages of products and services that complement the products. For example, the luxury grill with winter service offer or a garden refrigerator with summer beer subscription. You can also sell your services as a product. Stage them in your store by giving them "shelf space." For example, in the form of a screen on which you stage the service in an entertaining explanatory film. You can also use this film on the web for marketing. By adding services to your offers, you not only protect them from direct price comparison, but also give your customers a personal added value that they cannot get elsewhere.

Fig. 18.1 LKW EnergieLaden with theme islands for life concepts instead of product departments. (Courtesy of © Headbanger 2019. All Rights Reserved)

Fourth: Post It Infrastructure (Multifunctional)
Transform your shop into a place that can be used in many ways. Make it a realm for workshops, events, labs and demonstrations. This gives you the opportunity to win people over at different stages of the buying process. Over and over again. The store becomes a smart experience, triggers intense feelings and strengthens the bond between people under your roof.

Fifth: Sensual Experiences (Sensual)
Compared to a physical space, the digital space is flat. In other words, the Internet only appeals to the eyes and ears. But we experience things much more sensually when our nose, mouth and hands are also involved. And our gut feeling only comes to full fruition in direct contact with people and things. A shop can offer the full programme. Use it on all levels and stage it to your heart's content.

Sixth: Conscious Spaces (Intelligent)
Use the technological possibilities to design intelligent spaces. But the technology must never be in the foreground. It is merely a means to an end. Use a metamorphic room design that responds to people, situations and encounters and whose momentum in turn manifests itself in the room. With the energy (flow) that arises from this, the spaces charge up and

amplify mood and feelings (cf. Conscious Cities in Oona Horx-Strathern 2019; Metamorphic Design Trend in Trendwatching 2020).

> **Metamorphic room design:** Room design that changes automatically and adapts to the current situation of the users or responds to their sensitivities.

Seventh: Crowd Factor (Social)

The community is god when it comes to shopping. On the web, people discover new brands and products on social media and look at the crowd's reviews before deciding to buy. They post their choice in the hope of gaining approval, improving their image and belonging. Think about the complement the store could play here and what a store can do better than the digital world. For example, provide the venue for physical swapping of items within the community.

You can define these characteristics as success criteria or benchmarks. If you visualize and evaluate the characteristics as a spider, you get a character profile of the store and can compare it with the competition or the relevance for the planned store users and derive possible learnings/consequences (Fig. 18.2). The visualization helps to grasp the

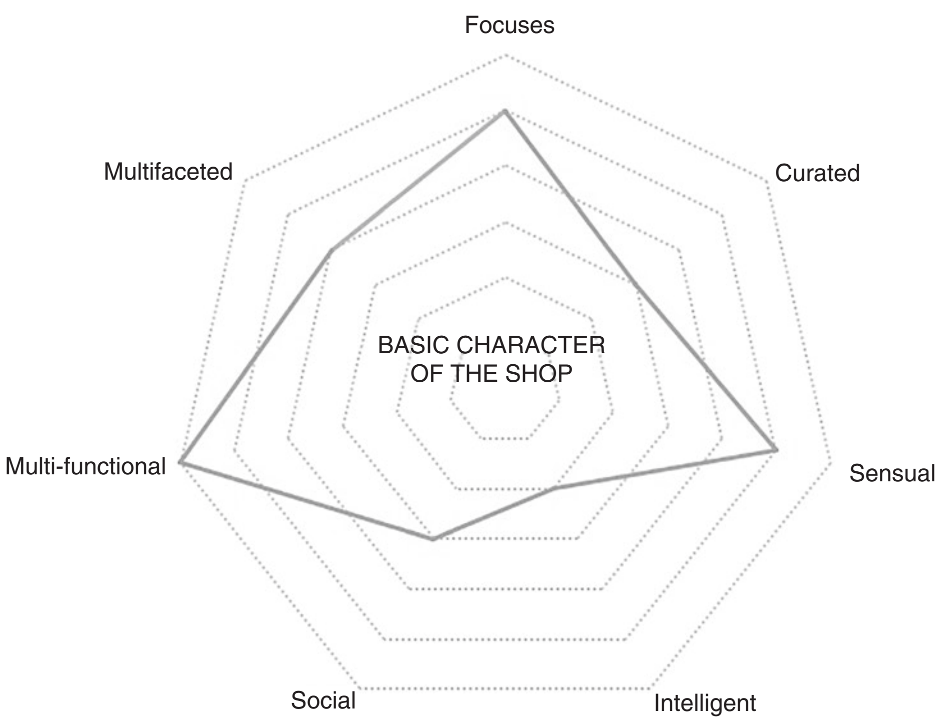

Fig. 18.2 Character profile of a store visualized as an example

characteristics of the store as a whole and to create a common understanding of it within the company.

18.1.3 Five Impulses for the Right Punch

In addition to long-term developments, which you should definitely take into account when designing a store, there are also always short-term trends. These can either develop into a long-term trend or they disappear again. But they definitely hit the zeitgeist and can help you make interactions and encounters more interesting and relevant.

No. 1: The Good Customer (Chaperone)
Consumption without a guilty conscience is at the top of many people's list of purchasing criteria (cf. Guiltfree Experience in Trendwatching 2020). This trend is now going into another round. Take your customers by the hand and lead them to better behavior. Provide experiences with a positive impact on the planet, discourage your customers from unhealthy excesses and create a good environmental feeling. Customers will thank you in the form of loyalty and referrals, because positive experiences are a highly shareable status currency that consumers can use to communicate their values and attitudes. On social media, as environmental awareness increases, so does the demand for experiences that reflect deeply held values around sustainability – to feel good about yourself and represent yourself accordingly in the community.

No. 2: Much Use Is Better than Much Possession (Pumping Station)
The trend is moving in the direction of (borrowing) instead of (buying). Product categories that are only used sporadically are particularly suitable: Vehicles, household appliances, tools and holiday or leisure items. But this also works for things that quickly become boring or where variety is needed: toys, clothing, fashion accessories and even pets. According to the Thredup Report (2019), within <10 years, rentals will represent 2% of the total retail landscape. Take advantage of this trend by offering a portion of your product line for rent. This type of offer can become a business model and is particularly exciting in combination with subscriptions (Subscription Rental).

> **Subscription Rental:** A subscription for the rental of a certain number of products for a certain duration at a fixed price.

No. 3: Extend Experiences Digitally (Experience Loop)
The current zeitgeist forbids environmentally damaging excesses, and at the same time one always wants to get the most out of every moment and experience. How can these two opposing demands be reconciled? Quite simply, by not making the experience bigger than

it needs to be and instead giving it a longer duration and more space. Stretch it out in time and make it repeatable regardless of location. For example, as a digital souvenir. Record personal consultations, product demos or other experiences via smart mirrors, supplement the whole thing with relevant content and send it to the customer in question with a personal message. That way, they can relive the experience and make even better use of your products and services. A nice side effect: the acceptance of a dialogue via this channel is very likely to increase.

No. 4: My House Is Your House (House Friend)
In Sect. 18.1.2, Crowd Factor and Post It Infrastructure were described as criteria for a successful customer portal in the physical world. Now combine these two factors and go one step further: use your store not only as a space for your own events, but also make it available to your customers for their own (community) events. This leads to the revival of off-peak hours and opens up new customer groups. Another possibility is to offer customers retreat possibilities. For example, in the form of rooms that can be booked by the hour. Such an offer has a particularly high relevance in larger cities, in shopping and business districts, as well as in districts with colleges and universities.

Sales room (= leisure room = learning room = business room) = living room

Example
Lidl in London is going one step further. They are building an entire quarter around a Lidl store. With 3000 apartments, a large primary school, a playground and a bakery. By creating community spaces, Lidl is taking part in the fight against social atomisation. One helps the new residents to become more anchored in the local community and at the same time does it itself (Trendwatching 2020; Lidl 2020).

No. 5: Over-Reality (Both/and)
You have already read about the importance of sensual experiences and intelligent spaces. The "hyper-reality" trend is heading in a similar direction, which is why it can be optimally combined with the other themes. Here, elements from the digital world are integrated into the physical world. With the intention of making reality more imaginative, exciting and inspiring. For example, you can materialize a chatbot physically through a robot. Or beam a digital brand avatar (Trendwatching 2020) into the physical world through a hologram, projection or human representation. Or create transcendent experiences with augmented reality elements.

Augmented reality**:** Augmented reality is the computer-based extension of the perception of reality. This information can address all human sensory modalities (Wikipedia 2020).

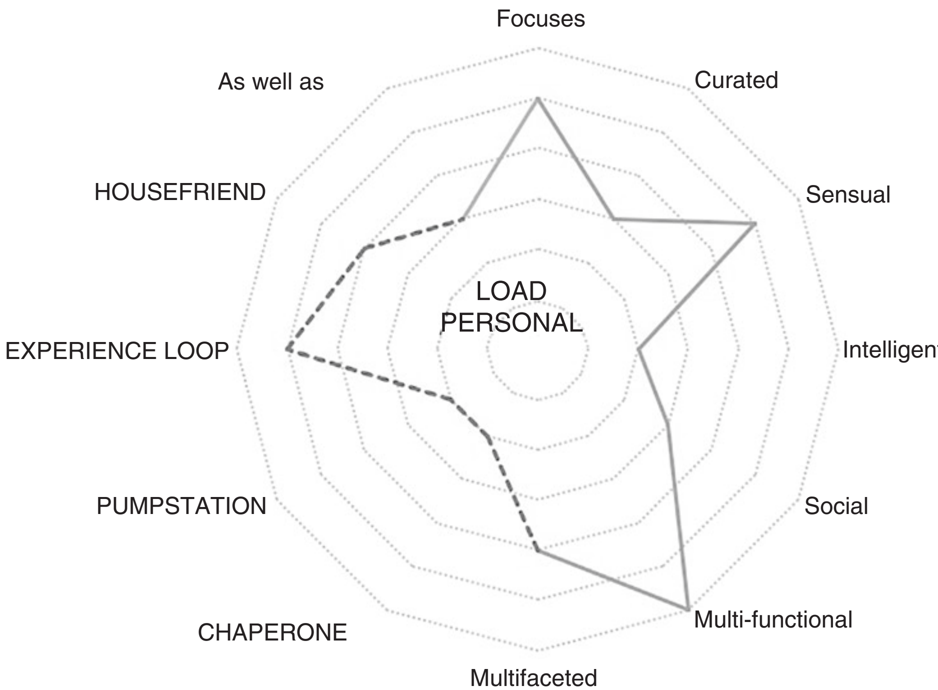

Fig. 18.3 Profile of a store personality visualized as an example

You can evaluate and visualize the seven success criteria (basic characteristics) as well as five impulse ideas (Zeitgeist characteristics) (Fig. 18.3). The result is a kind of personality profile of the store. A perfect basis for the development of functionalities, contents and forms of interaction. Further advantages are that all participants work with the same starting point and that insights can be derived from the comparison of the personality profiles of different stores.

> **Social trends:** Keep up to date with important developments. E.g., at trendwatching.com and theglobalwebindex.com.

The More Complex the Task, the More Creative the Solutions

It's crazy: the physical store is now a hybrid touchpoint where different products and services (product management) are sold (sales) and where events and promotions (marketing) as well as public relations, loyalty and customer service activities (customer care) take place. In addition, it should also incorporate the latest developments in society, technology and marketing. And provide important insights for the future design of offers, services, sales areas and meeting places (Business Intelligence). A lot of requirements for a store. But:

These Different Aspects Can Inspire Each Other

A wide variety of people are involved in the design of the hybrid touchpoint: Employees from product management, operations, marketing, sales, customer care, sales, communications, branding, as well as several external partners such as construction companies, interior designers, shopfitters, consultancies, advertising agencies, digital agencies, etc. The knowledge, skills and views of those involved, as well as their perspectives and achievements, are multi-layered and multi-faceted. Tap into the potential of this immeasurable source of inspiration, creativity and talent to design exceptional client portals. For guidance, see Sect. 18.2.

> **Customer portal:** A portal is a gateway or passageway or access. In this case, access to the world of a company and its services and products. The connecting element between people and brands.

18.2 The Construction Manual: Five Steps to the Store

It's All a Question of Perspective

You can appreciate the richness of hybrid touchpoints or fault their complexity. Depending on the case, you approach planning and design differently. And the result will be accordingly. If you just try to manage complexity, the result is a well-functioning sales front at best. But if you see the multifaceted nature of the task and the impressive potential of ideas and expertise of the store task force as an opportunity, the customer portal in interaction with other touchpoints will ensure happy customers, employees and balance sheets.

In this section, you will learn how to achieve this by clearly structuring the process and defining responsibilities. And because today no store stands alone and everything flows into each other, you should include the whole universe around the store from the very beginning.

> **Store Taskforce:** a team responsible for planning, conceptualizing, designing and implementing a store. Taskforce members are specialists in the following areas: Product Management, Operations, Marketing, Sales, Customer Care, Sales, Communications, Branding, as well as external partners such as construction companies, interior designers, shopfitters, consultancies, advertising agencies, digital agencies, etc. The – usually temporary – team is ideally led by the Circle manager. He ensures that the defined people are happy with the new portal and that the management is happy with the commercial aspects.

Start from the Eagle's Perspective

Most companies have folders full of corporate visions, brand values, positioning phrases, differentiators, behavioral rules, messages, segmentations, personas, etc. Often each area still has individual adaptations in different versions. Everyone uses the same buzzwords, no one really knows what they mean. That's why it's best to agree on a marketing essence that fills at most one A4 page.

Even in encounters and interactions, the overall view is usually missing, because each area only optimizes itself. This is where most money is lost, through duplication and dead ends. The customer experience simply ends, with no option to deepen, continue or recommend. You will then miss these people in the store. That's why you should first recognize the interplay of all activities and platforms. Only then can the store get the full potential out of it and contribute its part to the traffic flow in the neural network of the company.

It's all based on POLY*MARKETING, a new marketing approach designed to create value, at every interface, for everyone involved. More about this philosophy developed by the author in the appendix of this chapter.

> **Neural network of a company:** all touchpoints as well as connections between the touchpoints. Unlike in the human brain, however, it is not electronic impulses or messenger substances that are transmitted here, but people (traffic flow).

> **POLY*MARKETING:** A novel approach that uniquely addresses the multi-layered nature of brands, people and touchpoints, generating value for all parties from every encounter.

18.2.1 First Step: The Basis

Or: Who Are You? Who Do You Want to Conquer? With What?

A solid basis no longer exists today. Everything is always in motion and constantly changing. However, it is important that all those involved know the current basis on which work is being done.

Therefore, first create a common understanding of the strategic orientation of your company. The best way to achieve this is to reduce it to its essence (cf. Fig. 18.4), because everyone can interpret page-long PowerPoint presentations to their own liking.

In this essence it should be defined which people (Circles) you offer which benefit (Value Proposition).

It is important that you define the Circles in such a way that everyone involved can feel them. The Social Impact Profile (Marxer 2020) is another tool available to you here. In it,

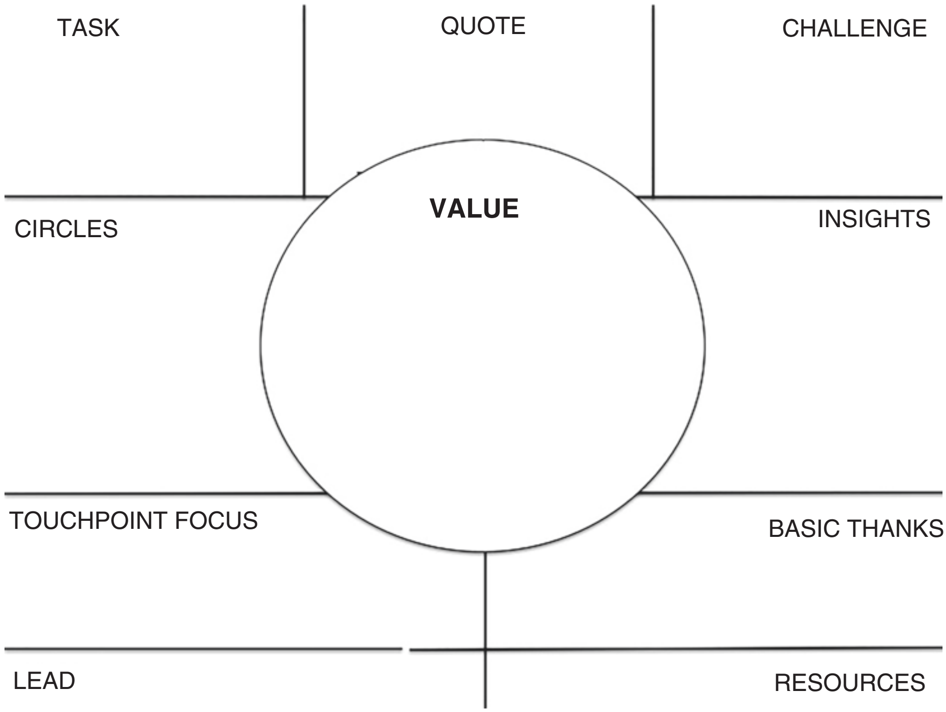

Fig. 18.4 Marketing essence

four factors are recorded that define the cornerstones of the concept of life and are crucial for the relationship with your company and your brand (Fig. 18.5).

1. Life Goal/Believes: What is he/she striving for?
2. Expectations: What does he/she expect?
3. Influence: What/who does he/she influence?
4. Trust/Respect: What/who does he/she listen to?

Describe each of the four factors. Include the environment (1) you and your business are in, as well as life (2) in general. This second, larger section helps you to see not simply the customer, but the person behind it.

18.2.2 Second Step: The Touchpoints

Define Roles and Profiles of All Touchpoints

Where do you meet your chosen one? How do you enrich the moment and deepen the relationship through different encounters on different platforms? What are the roles of each touchpoint, and how do they play to each other? If you know where you stand, what

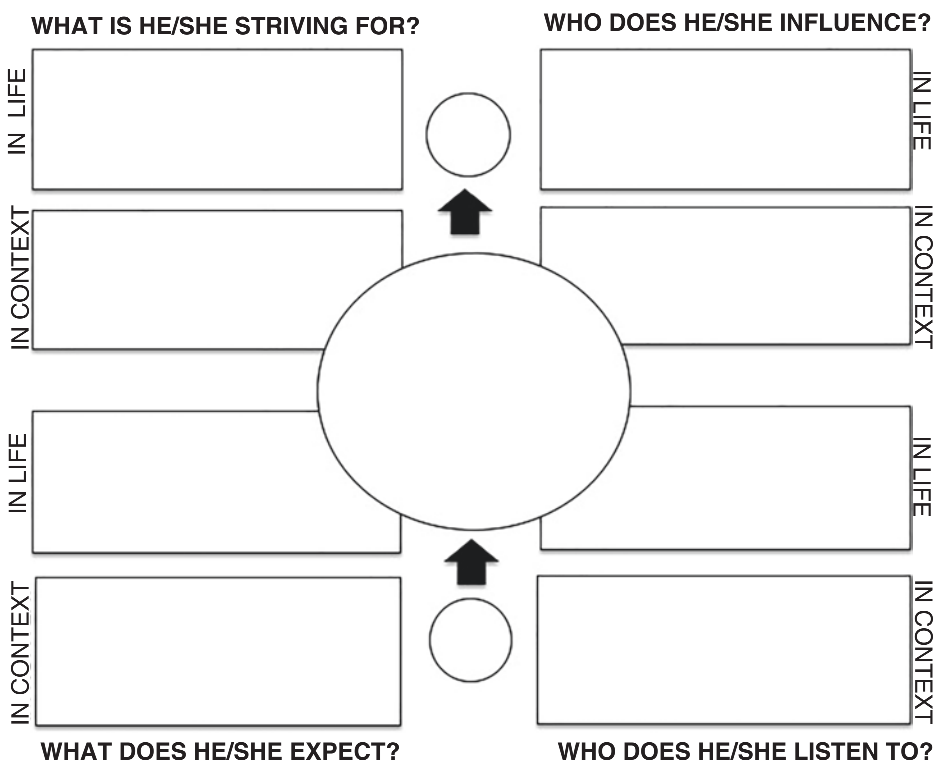

Fig. 18.5 Circle Profile

your task is, who benefits from you, who generates business for you and whether visitor numbers or sales are more important, then you can commit yourself fully to the cause.

Transparency increases trust and the willingness to take responsibility – for one's own task and for the whole. Transparency also facilitates collaboration. Therefore: Define the strategic orientation for each touchpoint. Systematically and uniformly by means of Touchpoint Configuration (Marxer 2020). Now you can find out which factors are decisive for the quality of encounters and make structural management really possible (Fig. 18.6):

(1)**Role: DISCOVER/DECIDE/BUY/ENGAGE/LOVE**

Where are you in the relationship with your customers? If there has not yet been an encounter, then DISCOVER is the role of the encounter. Perhaps you are already known, but have not yet been able to achieve a preference for your offer? In that case, it's about DECIDE. BUY is about the actual act of buying (or a commercial transaction). If it's post-purchase dialogue, discussions during the buying process, or arguments during the decision-making process: ENGAGE. If you touch the person more deeply and it's about a strong connection on an emotional level, choose LOVE as the role for the encounter at this touchpoint.

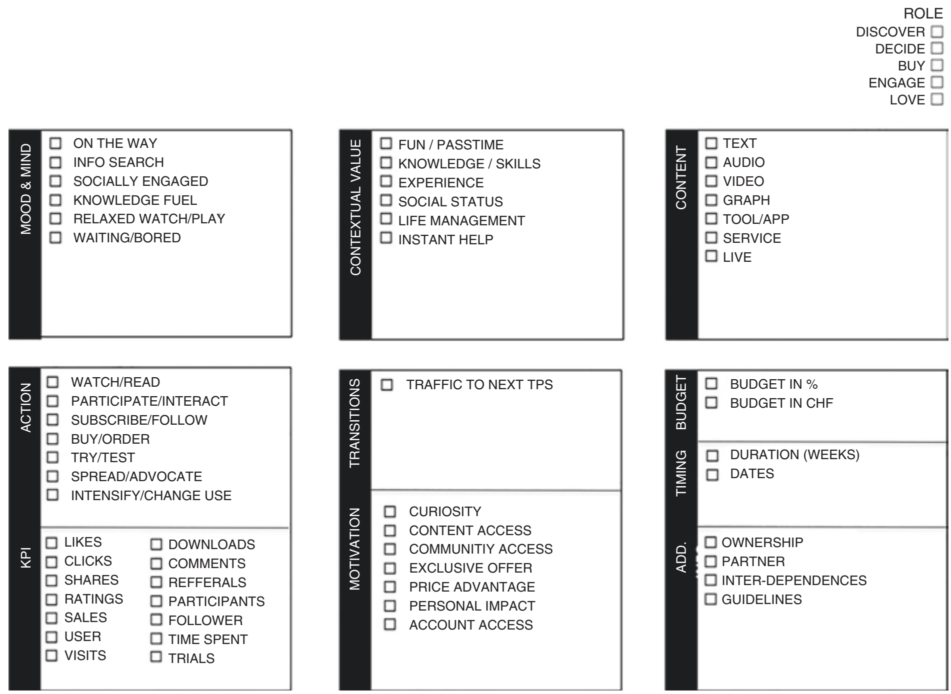

Fig. 18.6 Touchpoint Configuration

(2) **Mood: ON THE WAY/KNOWLEDGE FUEL/INFO SEARCH/SOCIALLY ENGAGED/WATCHING/PLAYING/WAITING/BORED**

What do the people we meet do and how do they feel? Through both the physical location and the platform, conclusions can be drawn for each Circle about what is being sought and desired there. The better you understand the circumstances, the more relevant your content will be and the more successful your business will be.

ON THE WAY means: short attention span, mentally planning, rather rushed and not very open to solutions that do not fit the current situation by a hair's breadth. KNOWLEDGE FUEL: Expanding knowledge on specific topics. A direct product approach is usually less successful here than a detour via a topic reference. INFO SEARCH: Search for specific information, products and brands. Here, a direct approach based on the corresponding topic often makes sense. SOCIALLY ENGAGED describes the exchange in the community (real and digital). WATCHING/PLAYING means we meet people who are immersed in a story or fantasy world. This is where we look for opportunities to meet them in that world. Or to offer complementary live content via other platform. WAITING/BORED in most cases means that any kind of entertainment and time killing is welcome.

Here too: The more intelligently the content fits the emotional state and situation, the more lasting the contact.

(3) **Contextual Value: FUN/ASSTIME/SOCIAL STATUS/LIFE MANAGEMENT/ INSTANT HELP/KNOWLEDGE/SKILLS/EXPERIENCE/EMOTIONS**

What is the value of the encounter? This is where you prove whether you are getting your brand promise on the ground, because this is the sum of your activities. At the same time, you are more successful the better you pick up people where they are mentally at the moment and build a bridge to your offer. Therefore, select placements selectively and address them in terms of content. No watering can principle with generally valid statements. Sustainability also means avoiding data garbage.

FUN means that you provide entertainment and pass time, SOCIAL STATUS means that by sharing your content, participating in events or buying your products, your reputation increases. LIFE MANAGEMENT helps to make everyday life easier and to increase the quality of life, INSTANT HELP is more short-term, brings orientation, decision support and/or the appropriate solution in the current situation. KNOWLEDGE/SKILLS is about acquiring new knowledge or skills and EXPERIENCE says that an emotional added value is created by the experience.

(4) **Content: TEXT/AUDIO/VIEDO/ANIM/PIC/GRAPH/TOOL/APP/LIVE/ OBJECT/SERVICE**

The type of content is determined by the form in which the added value can best be integrated into the current situation. On the road with a short attention span, audio probably makes the most sense. For everyday facilitation, a tool is usually needed and for entertainment, videos are often the best choice.

(5) **Activity and KPI: WATCH/READ/PARTICIPATE/INTERACT/SUBSCRIBE/ FOLLOW/TRY/TEST/BUY/ORDER/SPREAD/ADVOCATE/ CHANGE USAGE**

Here you define what you expect: Should your message simply be perceived (WATCH/ READ), do you want an active engagement (PARTICIPATE/INTERACT), should people subscribe to a newsletter, social feed or service (SUBSCRIBE/FOLLOW) or is it already about testing (TRY/TEST) or buying (BUY/ORDER) the offer? Do you want people to recommend you or share your content (SPREAD/ADVOCATE) or do you want to change the way they use the offer (CHANGE USAGE)?

Depending on the answer, other KPIs are suitable for verifying your assumptions. You should never measure more than three KPIs per touchpoint. Analyze them for this and derive measures from them.

(6) **Transition and Traffic: TOUCHPOINTS FROM YOUR ARCHITECTURE**

Give attractive options for continuing the dialogue, deepening the topic, complementary offers or closing the sale at a next touchpoint. The goal is to enrich and inspire people through the journey on their paths. To "keep" them as long as possible so that appreciation can be further enhanced at each touchpoint, creating a connection that can be activated at any time.

Make sure that there are no dead ends, but always and everywhere at least one option for a further step is given. This is more sustainable, smarter and more efficient, because you reduce your media costs massively.

> **Dead end:** A touchpoint that has no further links to other touchpoints. In most cases, there is no reference to other touchpoints and no incentive to visit them.

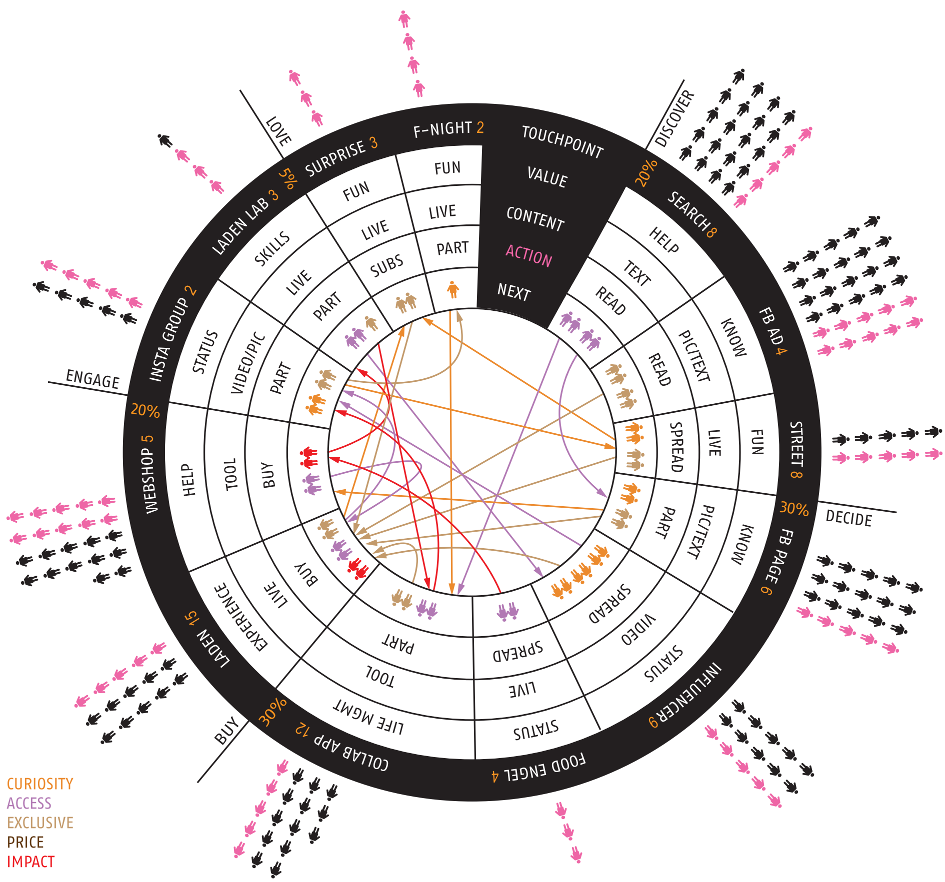

Fig. 18.7 Exemplary representation of a touchpoint architecture

(7) **Motivation: CURIOSITY/CONTENT/COMMUNITY ACCESS/EXCLUSIVE OFFER/PRICE ADVANTAGE/PERSONAL IMPACT/ACCOUNT**

An important question that is asked far too little: What motivation do you give for the next step? Why should someone go from your YouTube channel to your website? You can manage traffic flow with the type and appeal of motivation. This is especially true with EXCLUSIVE OFFER and PRICE ADVANTAGE. Here, height and attractiveness have a very big leverage. CURIOSITY plays with curiosity: it teases something, gives a taste and motivates to click. CONTENT and COMMUNITY ACCESS work best when both are high quality and relatively exclusive.

(8) **Budget share: IN %/IN monetary value**

Determine what percentage of your budget you allocate to which touchpoint. In a first phase, this works best if you weight them by percentage. This helps you to structurally assess the customer experience and improve it if necessary to ensure that you achieve your objectives (e.g., traffic in the store) with the planned measures (see next step).

18.2.3 Third Step: The Interaction

Understand and Optimize the Structure and Dynamics of the Touchpoint Architecture

Through visualization, you now detach your gaze from the individual touchpoints and look at the whole and the interrelationships (Fig. 18.7).

Structure Check: Bottom Up = Top Down?

You can now verify that the sum of the planned activities can achieve the set goals. For example, if you find that your main budget is for Buy/Engage and you are a start-up with low awareness, you can reallocate the budget, add new touchpoints in the Discover/Decide area or focus existing, hybrid touchpoints more on the first phase in the sales funnel.

Flow Check: Are There Still Dead Ends?

You can see whether the interaction of the touchpoints enables an optimal traffic flow or whether dead ends need to be resolved so that each touchpoint "forwards" as much traffic as possible.

Forecast Check: Is the Traffic in the Store Sufficient to Reach the Sales Targets?

You have a prototype of the planned market development in front of you and can adjust individual parameters and optimize the (expected) traffic in the store.

18.2.4 Fourth Step: The Shop Prototype

Further Sharpen the Store's Profile and Create a Prototype
Hybrid touchpoints play a key role in the business plan. They involve several company divisions and their managers. Success or failure has a direct impact on the business result. In addition, investments in physical portals are usually higher and more long-term than in digital ones. Therefore, there are a few additional parameters to consider here that should be clearly defined before breaking ground. Record these and design a prototype that is right both architecturally and in terms of content. Tweak it until it is perfect in your estimation.

Additions and additional criteria for hybrid touchpoints:

(1) **Purpose: Which overriding social developments shape the orientation of the touchpoint?**

HELPFUL (service orientation), YOUNIVERSE (personalization), BETTERMENT (self-optimization), LOCAL LOVE (localization) PLAYSUMER (gamification) (Trendwatching.com 2020).

(2) **Appearance (face): What is the appearance like? Which element is decisive?**

CIRCLES (needs and interests of a particular group of people), PURPOSE (an overriding purpose), LOCATION (the immediate environment of the store).

(3) **Partner(s): Is the shop run alone or with partners? If with partners: with what kind of partners?**

ALONE (single brand), HORIZONTAL (alternative and or complementary offers), VERTICAL complementary offers (services or products), BUNDLE (vertical and/or horizontal joint offers).

(4) **Function: What is the primary function/objective of the store?**

SALES, CUSTOMER CARE, SOLUTION PROVIDER, BRAND SPACE, KEY SERVICE, and/or LAB/CROWD SOURCING.

(5) **Financing (sourcing): How does the shop finance itself?**

PRODUCT/SERVICE SALES, ADD ON SERVICES, SPONSORED (not primarily profit-oriented, as service performance and/or brand experience are in the foreground), BUNDLES, SUBSCRIPTIONS.

(6) **Host (experience ownership): Who comes to the fore as host and determines the experience?**

Create hierarchy: CIRCLE, BRAND, LOCATION, PRODUCT.

(7) **Offer (content): Which offers are planned?**

PRODUCTS, SERVICES, SUBSCRIPTIONS, WORKSHOPS, EVENTS, NETWORKING.

18.2.5 Fifth Step: Implementation and Perfection

From Prototype to Shop

The framework is clearly defined. Now, all specialists of the store task force under the leadership of the Circle manager devote themselves to the detailed tasks in their area. The complexity has been reduced in the conception phase by breaking it down and structuring it. Thanks to the clarity gained, more resources flow into the project and no more energy is wasted in unnecessary discussions and power struggles.

You should compare the assumptions and forecasts from the prototype with the effective results and experience after 1 year. Justify every deviation, even if you can only conjecture. You will see that you understand better and faster through the conscious decisions and structuring. If necessary, make corrections and optimize individual areas.

> With each round, your shop gets better. Until it is finally perfect.

18.2.6 The Summary

Long Story Short: Focus, Structure, Clarity

Everything clear? Here again the most important in a nutshell:

- A shop is still a shop. And much more besides.
- It is not a competitor but a complement to the web and social, if it self-confidently differentiates itself and focuses on certain types of people (Circles). For example with curated offers, multifunctional spaces, sensual experiences, intelligent personalization and a versatile offer with a strong social component.

With this hybrid touchpoint, there are many aspects to integrate. In addition, there is a multitude of functions and the interaction with the others. This requires a clear and structured approach.

1. Create common understanding of starting position: clear value proposition and understanding of different Circles.
2. Capture store personality: Defining the basic character traits and topicality components that make the store contemporary and attractive.
3. Understand the context of the store: understand the touchpoints, their functions and how they interact.
4. Create store prototype: structured, detailed profile of the store that includes all strategic decisions.
5. Implementation by store task force, ideally led by Circle managers, so that Customer Centricity does not get lost on the way from concept papers to store reality.

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Staging Luxury Brands Multisensually at the Point of Sale

19

Karsten Kilian and Alina Hacopian

Abstract

For luxury brands in particular, there are many opportunities for multi-sensual staging. Particularly suitable for this are own luxury brand shops, which in this way develop from a point of sale to a point of experience. They offer customers the opportunity to experience the brand with all their senses. Starting with the specifics of multisensual marketing and luxury goods marketing, the goals and strategies for luxury brands at the point of sale are examined in more detail. Based on this, the possibilities of visual, haptic, acoustic, olfactory and gustatory customer appeal in luxury brand shops are discussed, whereby both perception mechanisms and design possibilities are analysed. Following on from this, possibilities for the multisensual staging of "luxury" are described. Finally, the limits of multisensual brand staging are discussed and a three-stage approach for multisensual branding is presented.

19.1 The Sensualisation of Luxury Brands

Suppliers of luxury brands face the challenge of presenting their brands more effectively and with greater resonance. This is because communication messages are still mostly communicated mono- or duosensually and thus consciously only on one or two sensory channels – the

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visual and auditory channels – while consumers always perceive luxury brands in stationary retail via four, sometimes even all five sensory channels. Due to this sensory limitation, potentials for brand awareness, anchoring and recognition are only partially exploited (Kilian 2007, p. 323; Kilian 2018, p. 120). Especially due to the increasing flood of advertising information and the intensified competitive pressure, addressing customers via three or four senses is therefore becoming more and more important, as Steiner points out:

> In the future, consumers will increasingly be exposed to olfactory, gustatory and/or haptic sensory impressions in the course of brand communication. (2020, p. 2)

The following applies: people almost always experience the brand most intensively when it appeals to them through all their senses and when multisensuality is congruent, i.e. when all the stimuli used convey the same experience (Salzmann 2007, pp. 1–2). This is why multisensual brand staging is particularly suitable for luxury brands:

> Especially in the field of luxury goods marketing, sophisticated concepts of emotional product and brand differentiation are required that create a holistic brand experience, where the focus is not on the products themselves but on the staging of the brand as a whole. (Wiedmann and Hennigs 2012, pp. 237–238)

Brand-specific experiences can be realized particularly well in salesrooms of luxury brands. In contrast, most retailers still limit themselves to a non-sensual visual customer approach (Salzmann 2007, p. 2), while their customers almost always perceive the point of sale with at least four senses. If additional stimuli are used, e.g., background music or room scents, they are usually selected based on whether they appeal to customers. As a result, this leads at best to a pleasant, but at the same time largely interchangeable store atmosphere (Salzmann 2007, p. 2; Kilian 2010, p. 47). What usually remains unconsidered is the extent to which multisensual stimuli offer the possibility of conveying a holistic and specific experience. The shopping experience should not be merely pleasant (and thereby interchangeable), but should be linked to a variety of sensations and associations that reinforce or complement each other and create a unified specific brand experience (Kilian 2010, p. 48). This provides companies with an effective way to differentiate and profile their brand (Kroeber-Riel and Gröppel-Klein 2019, pp. 116–117). In addition, the luxury goods market offers ample potential for the multisensual design of the point of sale, on the one hand due to sufficiently available budgets, and on the other hand due to diverse opportunities for the presentation of emotionally powerful experiences that enhance the value of luxury products. The point of sale (POS), which is primarily characterized by the pure act of purchase, thus becomes a multi-layered point of experience (POE) and thereby a place of distinctive, memorable brand experiences (Kilian 2012, p. 42).

19.2 Particularities of Multisensual and Luxury Goods Marketing

Suitable locations for memorable brand experiences include luxury brand shops in particular, which open up the possibility for brands to offer their products in their own salesrooms. They are characterised by the fact that they exclusively sell a company's products and represent the respective brand (Haug 2012, p. 174). Within a salesroom, multisensual marketing enables a harmonious staging and coherent combination of stimulus-triggering factors that symbolize the special features of the presented brand. The aim is to systematically address as many of the consumer's senses as possible, or at best all of them, in a way that is appropriate to the brand. Because especially at the POS, economic success can be ensured by a multi-sensual design and a place for experiencing the brand, a POE, can be created. According to Kroeber-Riel, "the more vivid and attractive the (emotional) memory image of a store is, the more strongly shopping behaviour can be influenced" (Kroeber-Riel 1993, p. 261).

The term luxury is derived from the Latin terms "luxus" and "luxuria," which stand for "lavish fertility," an "inappropriate, dissolute lifestyle" and "addiction to pleasure and extravagance" (Mühlmann 1975, p. 22). The mathematical calculation of the income elasticity of demand is often cited to distinguish between luxury and basic necessities (Breyer 2015, pp. 141–142). Here, the attainable social prestige increases with the increasing non-necessity of the consumed service relative to the social context. If the scale shifts in terms of perceived non-necessity, e.g., due to an increase in societal income on average, a luxury product may lose its prestige power, and thus its characterization as a luxury product (Prüne 2013, p. 167). The most important markets that belong to the high-price segment are shown in Table 19.1.

Luxury is also multi-layered. In addition to absolute luxury, which is recognised globally, there is relative luxury, which is only recognised by certain consumer groups but not globally, and one's own individual luxury, which does not require social comparison (Kapferer 2010, p. 37), as Fig. 19.1 shows.

Although the concept of luxury also includes services and intangible values such as freedom, in the following we will primarily take a closer look at absolute luxury, represented by globally known brands. The ideal-typical characteristics of luxury brands include (Meffert and Lasslop 2004, p. 932):

- High perceived price (both absolute and relative),
- Excellent quality (in terms of care, expertise and materials used),
- Uniqueness (through the impression of difficult availability or scarcity),
- History (through perceived continuity in appearance and design),

Table 19.1 Industries and sectors with a high share of luxury

Classic luxury			
Fashion and Accessories	Wine and Spirits	Watches and Jewellery	Perfume and Cosmetics
Extended luxury			
Cars and Planes	Motor/Sailing Yachts	Living and Cooking	Apartments and Houses
New luxury			
Consumer electronics	Wellness and Holidays	Art and Design	Hospitality and Assistance

Source: Own representation based on Prüne (2013, p. 187)

The luxury (absolute)	A luxury (relative)	My luxury (individual)
▪ Everyone knows the brands, but only a few, "the happy few", can consume them ▪ Consensus: Globally known brands that are considered luxury symbols, e.g. Louis Vuitton and Rolex	▪ A certain consumer group that stands for increased quality and prestige (which does not always have to be product-related). ▪ For certain consumers, the brand Coach is a luxury (but not universal).	▪ Very private: "My luxury is not your luxury" ▪ There is no social comparison ▪ No market is created

Fig. 19.1 Complexity of luxury. (Source: Own representation based on Kapferer 2010, p. 37)

- Non-necessity (through perception of mainly symbolic properties),
- Aesthetics (through a product experience that can be perceived with all the senses).

As a result, luxury brands are consumer perceptions that manifest themselves in particular through a high perceived price, excellent product quality, uniqueness, etc. and lead to a resulting, primarily ideal brand benefit (Valtin 2005, p. 30). In the communication of luxury brands, restraints in the placement within classic mass media are usually common (Braun 1997, p. 34). Fashion and business magazines are still predominantly used for communication, whereby the value proposition tends to take a back seat (Schulz 2018, p. 187). Instead, there is an emphasis on symbolic messages and brand aesthetics (Lasslop 2005, p. 488; Kapferer and Bastien 2009, p. 220). Emphasizing quality and tradition or communicating under the name of the manufacturer or designer are exemplary ways to enrich the brand and build trust with consumers (Schulz 2018, p. 186). For Kapferer and Bastien, it is clear that “when it comes to luxury, being unique is what counts, not any comparison with a competitor” (2017, p. 73). This presupposes that a unique story is told.

Today, luxury brands mostly convey abstract value propositions. Whereas information and references to product characteristics used to suffice, luxury brands today see themselves obliged to communicate primarily on an emotional level (Vaih-Baur 2018, p. 169). In particular, idealistic benefit aspects such as prestige, (social) differentiation and identification or projection surfaces are communicated. The value propositions of brands are thus not tangible. Rather, they are formed from the communicative positioning. In the case of luxury brands, brand shops are particularly well suited for this purpose, as the values in the space can be multifaceted (Schulz 2018, p. 186). Through communicative measures and contact in the sales space, luxury brands should give the customer personal pleasure and confirm their personality (König 2014, p. 18). Marketing efforts are thus particularly aimed at brand loyalty. In addition, it is about seduction and the presentation of the fascinating aura of a brand, which must be conveyed coherently across all channels. The brand identity must be reflected in all marketing efforts and especially in the communicative measures (Vaih-Baur 2018, p. 170).

In summary, customers expect appealing and high-quality communication that conveys the exclusivity of the brand (Okonkwo 2009, p. 188). Attention must be paid to a coordinated, uniform appearance across all channels and the integration of communication in terms of content, form and timing (Valtin 2005, p. 75). Compliance with high communication standards is essential:

> The magazines selected for advertising …, the movies in which the brand appears, the celebrities and pop icons seen wearing the brand – all contribute to the brand image. (Nueno and Quelch 1998, p. 64)

The presentation of the luxury products in the context of a conveyed feeling is the main focus, which is why addressing several senses of the customers at the same time is crucial for a positive perception (Solomon et al. 2001, p. 60).

19.3 Goals and Strategies of Multisensual Marketing at the Point of Sale of Luxury Brands

Multisensuality has a significant role within the marketing mix and the design of marketing instruments (Ballhausen and Tallau 2008, p. 48; Hultén et al. 2009, p. 52). Since the design of most marketing tools involves multiple sensory stimuli, the decisions about the tools are in most cases multisensory (Koufaris 2002, p. 206; Kim 2002, p. 595). The presentation of the salesroom is of great importance in this context, as all senses can be addressed at the POS, making it a POE and thus a brand experience (Kilian 2008, p. 61). At the same time, the diverse possibilities of multisensual salesroom design lead to a high degree of complexity. However, the effort for this is worthwhile, as the salesroom design within the "retail landscape perceived as interchangeable" (Müller 2012, p. 59) represents a marketing mix element that allows for uniqueness (Thiemer 2004, p. 46; Hultén et al. 2009, pp. 32–33.; Mauthe 2010, p. 47).

In the case of luxury brands, the perceived uniqueness even represents an expected experience characteristic. In addition, aesthetics and multi-sensuality are associated with luxury brands, as this creates an experiential benefit for consumers. Also and especially brand shops of luxury brands are perceived accordingly, which leads to an experiential expectation of consumers, which is why luxury consumption is often "understood as hedonistic enjoyment with all senses" (Prüne 2013, pp. 167–168).

Consequently, luxury brands need to create holistic, distinctive brand experiences that allow consumers to interact emotionally with the brand and enable strong and long-term brand relationships (Esch and Manger 2019, p. 1226). More than with other goods, sensory perceptions, functionality, and the overarching experience with the product or brand play a central role for luxury offerings (Kapferer and Bastien 2009, p. 208; Okonkwo 2009, p. 304). According to Rempel, multisensory stimuli give

> a certain depth and complexity to sensory experiences. In addition, the speed and accuracy of judgments of individual experiences are enhanced to a degree that would not be achieved with single channels. (2006, p. 95)

The successful use of multisensual stimuli is not limited to emotional, cognitive and behavioural reactions during the actual act of purchase, but goes beyond this. Direct effects can arise through the promotion of desire to buy and impulse buying as well as through a prolonged dwell time. In most cases, however, multisensual store design primarily has a medium- to long-term effect: "It creates an individual profile, builds customer preferences, increases the frequency of visits as well as store loyalty." (Salzmann 2007, p. 31) Furthermore, multisensual store design consolidates and enhances brand image (Tietz 1993, p. 465; Berman and Evans 2013, p. 454) and enables the building of an individual experience profile (Esch and Meyer 1995, pp. 288–289). According to Kroeber-Riel and Gröppel-Klein (2019, pp. 116–117), there are basically two strategies for conveying experiences through marketing activities:

1. Triggering pleasant feelings without conveying specific experiences to the consumer. This strengthens the emotional relationship with the brand.
2. The communication of specific experiences to the consumer. This gives the brand its own emotionality and effectively sets it apart from competition.

The first strategy, transferred to the design of brand shops, aims at creating a non-specific, pleasant shopping experience. The stimuli used are interchangeable and thus do not contribute to profiling. An example of this is the use of music, which is generally oriented towards the wishes of the target group and has no recognizable reference to the brand.

In the second strategy, the store design is intended to do much more than just create a pleasant but interchangeable atmosphere. Rather, brand-specific experiences are to be triggered in consumers. Numerous sensations and associations are created that are linked to the brand and contribute to its positioning and differentiation.

When designing multisensual marketing, it is important to ensure that the multisensual design emerges from the brand identity (Hacopian 2020). The role and influence of consumers must by no means be neglected, as they are increasingly becoming equal participants in a brand (Keller 2010, p. 5; Ind and Schmidt 2019, p. 36). They influence the success or failure of brands (Hupp and König 2019, p. 1480), which is why brand management is no longer the sole responsibility of brand managers. Rather, consumers are increasingly actively involved in the continuous recreation of the brand – with all senses.

19.4 Operational Design of the Five Senses in Luxury Brand Shops

19.4.1 Visual Perception and Design

Although we are multisensory beings, a large part of the information transfer takes place via the eyes, which is why the sense of sight almost always prevails within our perception. One reason for this is that visual stimuli can be perceived within a few milliseconds (Herz 2010, p. 100).

Since luxury brand shops usually emphasize an exclusive lifestyle, all details receive attention. The use of the typical brand design and the use of the logo in the shopping space ensure recognition by the customer (Wiedmann and Hennigs 2012, p. 245). It is important to note that the design does not primarily target consciousness, but rather people's feelings: "For it is not consciousness but feelings that focus attention – they determine what is on the agenda." (Bolz 2006, p. 41) Even looking at a shop window and entering a luxury brand shop can trigger emotions in consumers (Wiedmann and Hennigs 2012, p. 245) – they should. Accordingly, comprehensive engagement with visual stimuli within a luxury brand shop is essential:

> In the interior of a luxury store, attention must be paid to an effective combination of layout, size, decoration, colour scheme, lighting and product presentation. Probably the most obvious visual component is the colour scheme as well as the associated lighting of the store. In addition to lighting, high-quality materials can create an appropriate atmosphere and signify the high design and quality standards of the collections and products. (Wiedmann and Hennigs 2012, p. 245)

It is important to note that the boundaries between the individual sensory stimuli are not always clear. The use of high-quality materials, e.g., can be perceived not only visually, but also haptically and sometimes olfactorily. Following Gestalt psychology, it is important to bring structure into sensory impressions through symmetry, similarity and coherence, which can create fixed visual clues that provide for orientation and better understanding (Ditzinger 2006, pp. 14–15). In the conception of a luxury brand shop, this can be achieved, among other things, by offering the consumer the same visual clues in every shop and shop window, which visually convey to him or her that it is a shop of the preferred luxury brand.

Visual communication usually takes place through colours, decoration and lighting (Liebmann and Zentes 2001, pp. 555–556). The appropriate lighting, for example, can create the desired atmosphere. It also influences the room layout, attention and mood. This can be achieved through the light intensity, orientation, position and colour of the light, usually in combination with architectural elements, e.g., mirrors, columns and shelves. Decoration, in turn, refers to both the salesroom design and the presentation of goods. In contrast, colors can evoke thoughts, memories and experiences. They can also have an activating effect, e.g., cause increased blood pressure and increased breathing and blinking rates. At the same time, they can have a relaxing effect and influence a person's metabolism. In addition, colors often influence emotions, whereby we can usually distinguish over 1,00,000 colors in direct comparison, although linguistically eleven basic colors are sufficient to be able to depict all associations (Hacopian 2020, p. 41). In marketing, colors are of particular importance (Singh 2006, p. 783) because they not only influence mood and feelings, but can also influence consumers' buying decisions (Soars 2003, p. 631). The functions of colors include (Heinio 2010, p. 3):

- Generate attention,
- Promote recognition,
- Communicate information,
- Allow categorizations,
- Evoke aesthetic reactions.

In the visual design and beyond that in all other marketing and communication activities, care should be taken to adhere to the specific brand or communication style (Schmitt and Simonson 2019, pp. 783–784). Colours are important design elements that have a symbolic character and thus have different effects on human perception (Rompilla 2005, p. 167). It is important to consider that colours are subject to the zeitgeist (Singh 2006, p. 786) and are partly culturally influenced (Haug 2012, p. 70).

19.4.2 Haptic Perception and Design

The perception of visual stimuli is partly haptic. In particular, haptic perception is superior to visual perception in the case of temperature, consistency, weight and fine, barely perceptible textures (Kilian 2007, p. 343). Mostly, haptic stimuli are perceived via the sensory organ skin. In many cases, haptic impressions are used to confirm other sensory impressions (Montagu 1988, pp. 210–211), since haptics have the highest reliability compared to the other senses (Singer 2005, p. 144).

The haptic design of a salesroom is not only expressed through the objects that the consumer willingly touches, but in everything that consumers consciously or unconsciously feel and that can be understood as direct contact. This includes, e.g., the experience of sitting on a chair and feeling the floor covering with the feet (Haug 2012, p. 179), which is possible even with shoes, as a soft or hard floor can also be felt with sturdy footwear. Accordingly, it is important to pay attention to the communication of the brand identity for all objects that can trigger a haptic appeal in the consumer.

A luxury brand shop should therefore offer numerous haptic stimuli that contribute to the sensual experience of the brand. A high-quality, soft carpeting instead of a hard stone floor, e.g., conveys a pleasant atmosphere that can figuratively evoke softness and warmth. It can also increase dwell time, as consumers move more slowly on soft floors than on hard and smooth floors (Wiedmann and Hennigs 2012, pp. 245–246). In addition, hard floors often produce loud noises when walking, which can be annoying when there are several visitors walking around.

19.4.3 Acoustic Perception and Design

Our hearing is a sensitive organ. It picks up the non-verbal sounds described above just as it does the spoken word. In addition to the aforementioned footsteps, non-verbal acoustic stimuli also include the sounds of doors, electronic devices, e.g., cash registers and scanners, as well as opening and closing drawers. They are often perceived as disturbing noises, such as the loud "clacking" of ladies' shoes with spiked heels on hard shop floors. Such disturbing noises can be minimized by an appropriate acoustic design of the room, especially of the ceiling and the floors. The same applies to doors and drawers, whose noise development during opening and closing can at least be acoustically muffled.

In contrast, deliberately designed acoustic stimuli offer a number of advantages for brand communication, as Ballhausen and Tallau make clear:

> Acoustic stimuli have a significant potential for differentiation, recognition, emotionalization, and identification with regard to brands. They can thus make a decisive contribution to increasing brand awareness as well as strengthening the brand image. (Ballhausen and Tallau 2008, p. 55)

It should be noted that non-verbal acoustic stimuli are better remembered and can activate knowledge that has already been stored in memory more quickly and easily (Roth 2005, p. 89). The perception of auditory stimuli can occur consciously, but in many cases it occurs intuitively, since we are often exposed to acoustic stimuli unintentionally (Thiermann 2005, p. 188).

Despite the mostly passive perception, music in particular can create a feeling of familiarity (Kastner 2008, p. 77). Sounds and music can create both relaxing and stimulating auditory stimuli (Grewal et al. 2003, pp. 261–262). Music affects the autonomic nervous system and thus can influence pulse rate, blood pressure, breathing rate, and hormone production (Groves 2008, p. 146). Through the elements of volume, pitch, and tempo, music can evoke different emotions (Esch et al. 2018, p. 167), but most importantly, music greatly influences movement behavior (Meyers-Levy et al. 2010, p. 149).

Music is best suited for conveying emotions within non-verbal communication (Roth 2005, p. 106). The fact that music can influence the behaviour of consumers on an unconscious level is proven by a study by North et al. In a wine department of a supermarket in England, French and German background music was played at times. Even though almost all consumers did not consciously perceive the music, it influenced their purchase decision. When German music was played, about twice as much German wine was bought, when French music was played, 5 times as much French wine was bought, whereby the total amount of wine sold did not change (North et al. 1999, p. 274).

In salesrooms, further reactions of consumer behaviour based on auditory stimuli can be identified: pop music, e.g., stimulates impulse purchases due to its speed in combination with high volume, but it does not stimulate a long dwell time (Baun 2003, p. 154). In luxury brand shops, in contrast, quieter background music is common and often leads to a longer dwell time (Wiedmann and Hennigs 2012, p. 245).

For globally operating luxury brands, the selection of suitable background music is difficult because musical tastes differ culturally (Ringe 2005, p. 27). In addition, music preferences differ depending on the age group or generation (Ringe 2005, p. 45). And even within a cultural setting or age cohort, generalizations are difficult. Furthermore, the chosen background music and thus the sound character of a luxury brand should not be derived from the taste of the target group, but should rather be derived from within, without completely neglecting customer preferences, as brands should also not "go against" the musical taste of their target group. Therefore, the sound character of a brand should first be developed from its own brand understanding and brand identity, and then its compatibility with the target group should be checked. Similar challenges are evident in olfactory brand staging.

19.4.4 Olfactory Perception and Design

The olfactory design of luxury brand shops initially involves ensuring good air quality. This involves avoiding unpleasant odours and deliberately diffusing pleasant scents that convey freshness, for example (Salzmann 2007, p. 28; Wiedmann and Hennigs 2012, p. 246). Most people can distinguish 1000–10,000 odors (Scharf 2000, p. 46; Hultén et al. 2009, p. 7), but in many cases cannot verbally describe them. The process of olfactory perception is complex and still partly unexplained. What is clear is that olfactory stimuli directly reach the emotional center of the brain (Bosmans 2006, p. 33; Hehn and Silberer 2009, p. 44). Knoblich et al. also emphasize the emotional effect of scents:

> With the scent, the suppliers … have a design component at their disposal which, due to its ability to evoke emotions and experiences, represents an almost ideal anchor point for an experience-oriented (multisensual) offer design. (2003, p. 5)

As the processing of odours is simple and fast and scents also have an activating effect on consumers, they are particularly suitable for the design of sales areas (Rempel 2006, pp. 22–23). Due to the increased use of aromas (e.g., in bakery products and coffee), fragrances are increasingly found in the retail sector. However, scenting that does not emanate directly from the product and convey a specific experience is rarely found (Kroeber-Riel and Gröppel-Klein 2019, p. 433). In addition to the emotional impact of scents, memories play a major role, as the perception of a familiar smell often evokes spontaneous memories (Köster 2005, p. 33).

Fragrances are generally perceived as unpleasant if the intensity is too low or too high. Intense fragrances in particular are perceived as disturbing, since the quality of the fragrance can change completely as the intensity increases (Hehn 2007, p. 23). Therefore, when using fragrances in salesrooms, only volatile and delicate fragrances should be used, to prevent fragrances from colliding and to use only fragrances that are congruent with the prevailing odor level in the room (Stöhr 1998, p. 212).

Although country- and culture-specific preferences can be identified in fragrances (Knoblich et al. 2003, p. 83), attention should not only be paid to a scenting of luxury brand shops that is globally perceived as pleasant. This would result in a pleasant but interchangeable shop atmosphere at best (Salzmann 2007, p. 2). Rather, a recognition of the brand through the room scenting should be aimed for. In this context, the categorization of odors is difficult (Rempel 2006, p. 104). On the one hand, it is not easy to identify odors clearly and to describe them verbally, on the other hand, there is no objective measure for the classification of odors (Möslein et al. 2004, p. 7; Rempel 2006, p. 104), which is why different categorizations are used in practice. One of the oldest and still commonly used classifications comes from Henning.

According to his odor prism on the left side of Fig. 19.2, odors can be divided into six categories, ranging from spicy or flowery, to fruity or resinous, to pungent or putrid. Whereas the last two categories are mainly associated with animal odors and are usually perceived negatively, the front category usually contains odors that are perceived positively, 12 of which are listed as examples on the right-hand side of Fig. 19.2. They are basically suitable for salesroom scenting. Six different functional scent effects on people are conceivable (Knoblich et al. 2003, pp. 152–153):

Greeting	Identification
Entertainment	Masking
Catharsis	Capitalization

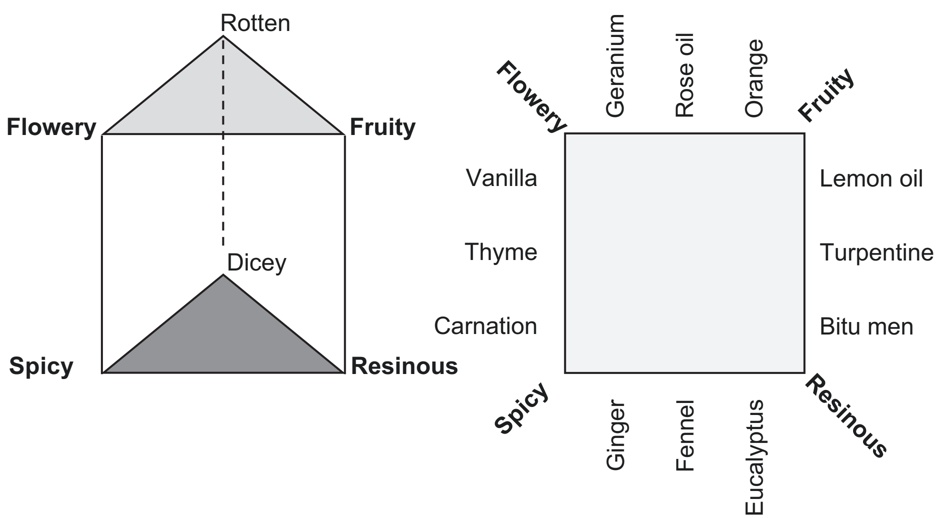

Fig. 19.2 Odour prism and example odours. (Source: Own representation based on Henning 1916, p. 92)

Welcome scents in the entrance area, e.g., can create a positive first impression. Likewise, a company's own scent, a so-called corporate smell, can be used specifically to signal to consumers that they are in premises of a very specific brand. The use of pleasant scents can also mask unpleasant odors. Consumers can also be activated by scenting, which can be reflected in an increase in spontaneous purchases. Especially in waiting areas, such as the checkout area, soothing scents can help consumers relax. Ultimately, scents can also have an intensifying effect and expand the experience through the entertaining character of the scenting.

Basically, a specific image building is possible through a room scent. In doing so, attention should be paid to a coherence of scent and brand identity (Gellert 2009, p. 69). However, there are always difficulties with room scenting, as Knoblich et al. point out:

> The main problems with room scenting are the selection of suitable – especially health harmless – scents as well as the use of suitable techniques that allow a scent application corresponding to the specific room conditions without any problems. (Knoblich et al. 2003, p. 8)

The use of tasteful brand experiences is even more limited.

19.4.5 Gustatory Perception and Design

Taste arises as an oral stimulus during eating and drinking (Hatt 2006, p. 203). The five central tastes include sweet, salty, bitter, sour and umami (Towers 2014, p. 114; Schling 2019, p. 53). The term umami comes from Japanese and describes an intense, savoury taste, such as in ripe tomatoes, meat or mature cheese. In addition to the five basic qualities, there are two secondary qualities, alkaline and metallic (Birbaumer and Schmidt 2010, p. 440). In addition to the actual taste, the sensations of touch, smell and pain can also influence the taste sensation, as the following example of the taste of chocolate makes clear (Schling 2019, p. 1):

- Texture: Mediation through tactile sensors in combination with sucking movements,
- Odour: release by heat and sucking or chewing,
- Taste: perception by the taste buds and sensory cells,
- Painful stimuli: reaction to free nerve endings in the oral cavity (e.g., by deliberately adding chilli).

Gustatory stimuli can be used to convey experiences, but they play a subordinate role because they do not represent atmospheric stimuli within spaces (Salzmann 2007, p. 30). Nevertheless, gustatory stimuli can be used to extend and deepen the multisensory experience. Some luxury brands have already recognized this potential. Giorgio Armani, Roberto Cavalli and Pierre Cardin, e.g., offer sweets, chocolate, coffee, wine, champagne or vodka produced especially for their brands (Wiedmann and Hennigs 2012, p. 246). A pleasant atmosphere within a brand shop can be supported by offering (alcoholic) beverages like champagne or sweets, e.g., filled chocolate (Okonkwo 2007, p. 87). The qualitative standards of luxury brands must also be reflected in this area in order to provide a coherent and authentic experience.

19.5 Multisensual Design of Luxury Brand Shops

The conscious multi-sensory design of sales areas is one of the central success factors of brands, especially in the luxury sector. It is important to bear in mind that the ideal level of sensory stimulation varies from person to person. Therefore, an excess of sensory impressions should be avoided, as this can lead to nervousness or irritability (Thiemer 2004, pp. 185–186). When systematically designing multisensory experiences, it is therefore important to consider the following five aspects (Esch and Krieger 2009, pp. 11–12):

- A brand-related analysis of touchpoints across the entire purchase cycle is recommended, as some multi-sensual stimuli are of different importance depending on the customer touchpoint.
- Multisensual stimuli should be developed based on brand identity and brand positioning.
- Multisensual stimuli should convey brand content as well as achieve acceptance by the target group.
- The stimuli presented should fit together and allow for interactions.
- Effectiveness and efficiency checks should be carried out regularly.

The acceptance of the target group can be achieved among other things, when the aroused expectations by the brand are fulfilled. For this purpose, five brand experts were asked to operationalize the value of "luxury" in a multisensory way. A comparable approach to the non-verbal communication of a value is provided by Salzmann (2007), Diffferent and MetaDesign (2006) and Klepper (2010). The results of the latter two studies are reported in Kilian's contribution (Chap. 6). Table 19.2 summarises the assessments of Batt, Kilian, Berghaus, Schüller and Köhler on the mediation of a luxury experience along the five senses.

The assessments of the five experts clearly show that luxury is best visualised through reduction and simplicity. In some cases, the design can also be edgy or ornate (and turgid), but mostly a considered arrangement with a clear product and design focus (without a lot of distracting "trappings") and plenty of space. Colours tend to be black and white as well as "noble" colours such as gold and silver. In some cases, it can also be "colourful," but often subdued pastel tones dominate. Materially, authenticity is important, which is why exclusive, noble materials are usually used, above all wood, marble and leather as well as cashmere and silk, which can often be experienced visually and haptically (Meyer 2001, p. 81; Kilian 2007, p. 343). Acoustically,

Table 19.2 Multisensory coding of "luxury"

Expert	See	Feel	Hear	Smell	Taste
Batt	• Considered arrangement • Exclusive	• Pleasantly • Subtle • High-grade • Material: e.g., leather, cashmere • Genuine, e.g., wood, porcelain	• Quiet • Damped • Slowly • Pleasantly • Pleasantly • Relaxing	• Discreetly • Out of the ordinary • Floral scent, e.g., fresh lilies • Pleasantly • Exclusive	• Unacquaintedly • Exclusive
Kilian	• Reduced • Unpretentious • Playful; crazy • Colours: gold, silver, white, black; pastel shades • Shapes: simple; ornate • Material: noble; real, e.g., wood, flowers	• Supple • Mellow • Equitably • Fine transitions • Material: e.g., silk, leather	• Stilly • Slowly • Attentively • Matter-of-fact • Unobtrusively • Classical period	• Unobtrusively • Subtle • Cultural and national preferences	• Unusually • Sought-after • Scarce • Historical (in need of explanation)
Berghaus	• Clear reduction (much space) • Fine craftsmanship • Dull	• Even-tempered • Pleasantly • Comfy • Squashily • Cultivated	• Quiet • Unassuming	• Leather smell • Old man scent (woody, old) • Perceptible (not just a hunch) • Self-confident	• Full-bodied • Flavour-developing
Schüller	• Marble, high quality stones • Muted colours • No glaring white • Partly black • Beige tones and brown • Rich colors	• Materials (finish): high quality (even if rough) • Soft edges • Flat, smooth • Suede leather (Nubuck) • Catchy • Comfortable fabrics	• Quiet, no background noise • Early classical music	• Leather smell • Partly woody	• Exclusive, e.g., caviar, truffle, possibly also jasmine
Coalfish	• Reduced • Focus on product and design • Black, white • Colorful, edgy	• Material: e.g., leather, cashmere	• Selected • Different • Rather quiet	• Discreetly	• Unusual

Source: Hacopian (2020, p. 54); Interviewees were Prof. Dr. Verena Batt of the Lucerne University of Applied Sciences and Arts, Prof. Dr. Karsten Kilian of the Würzburg University of Applied Sciences Dr. Benjamin Berghaus and Dr. Sophie Schüller, both of the University of St. Gallen, and Corporate VP Claudia Köhler of Vok Dams luxury tends to express itself quietly, calmly and through slowness. The mainstream is avoided, which is why classical music or sound elements are still used to make the "being different" and the uniqueness audible, whereby unobtrusiveness and soothing relaxation are important. The same applies to the smell, which should be rather discreet and unobtrusive, whereby cultural and country-specific differences must be taken into account. In some cases, an unusual fragrance can also be used. Mostly, however, exclusivity or freshness is in the foreground. In terms of taste, unusual, sometimes even unknown taste experiences are conceivable, whereby exclusivity and desirability can also represent central characteristics of luxury in a tasteful manner here.

The multisensual design of the point of sale only leads to reverberating experiences for the consumer and a strengthened consumer-brand relationship if the brand can be experienced coherently through all the senses (Kilian 2010, p. 48). In this context, multisensory brand communication is all the more effective, the more coherent the sensory touchpoints with the brand are perceived by the target group (Steiner 2020, p. 144). Similarly, Salzmann emphasizes the coordinated interplay of stimuli: "By simultaneously addressing multiple stimulus modalities, it becomes possible to convey the same experience multiple times and thus more effectively." (Salzmann 2007, p. 29) In order to make the multisensual appeal effective and thus successful, it is important to pay attention to the coordination of the stimuli in terms of content, form, and timing. The holistic need for integration is not only apparent for the multisensual design in the salesroom itself, but for all communication activities of a company (Bruhn 2014, p. 17).

This means that not only do the multisensual stimuli in the luxury brand shop have to be coordinated in terms of content, form, and timing, but that the multisensual salesroom experience communication also has to be embedded in the company's other communication activities. Integrated communication ensures that all communication tools are aligned with the brand identity and the common positioning objective. Therefore, it is advisable to maintain the core elements of the brand and not to confuse consumers (Thinius and Untiedt 2017, pp. 81–82). Rather, it is important to extend the sales experience at the POE through the media and thus effectively complement it.

19.6 Summary and Outlook

The possibilities of multi-sensual staging of luxury brand shops are far-reaching. They require an intensive examination of the brand. The goal is to create a world of experience that is developed from the brand identity and transferred to the luxury brand shops through a congruent sensory approach. It is of central importance to coordinate the appeal to the different senses and to embed them in an overall concept that ensures the highest possible congruence. This results in numerous synergy effects that create an authentic brand world (Rempel 2006, p. 127).

At the same time, it must be taken into account that the use of multi-sensual instruments is sometimes associated with high costs and that the resulting increases in earnings usually only become apparent later, e.g., in a changed target group relationship (Kirchgeorg et al. 2009, p. 30). In addition, there are high costs, especially due to the involvement of experts, e.g., brand consultants, interior designers, sound designers, and perfumers (Haug 2012, p. 254.). This is probably one reason why the professionalization of multisensual marketing is still in its infancy. In addition, approaches for integrated and systematic success control are still lacking in many cases. The methods currently practiced are still strongly focused on individual senses and only take partial aspects of corporate communication into account. Economic and seasonal fluctuations in the consumer climate also harbour the danger of falsifying survey results. The same applies to time windows that are too short when monitoring success (Kirchgeorg et al. 2009, p. 30).

For this very reason, further research is advisable for the profound implementation of a multisensual marketing approach in luxury brand shops. In addition to the isolated analysis of individual stimuli or two stimulus effects, the influence and interaction of three or more stimuli is desirable, but methodologically difficult to implement. One possibility is to temporarily test several luxury brand shops, which are comparable in terms of turnover, number of visitors, composition of visitors, dwell time as well as shop design and layout, with different stimuli in different intensities and varying combinations, in order to obtain insights into their effectiveness.

Since most of the senses are already addressed de facto in luxury brand shops – whether intentionally or not – e.g., through layout, design, furniture, background noise, the smells that occur and the drinks offered, the first step is to become aware of these stimuli and to critically examine them for coherence in accordance with the brand identity. Based on this, according to Kilian (2010, pp. 47–48), multisensual branding can be implemented in three stages:

Stage 1:	Focus on independent visual design elements that allow for visual differentiation.
Stage 2:	Additional use of other senses with a focus on (perceived) “liking,” which allows for a pleasant, but non-specific atmosphere (but does not create a direct connection to the brand).
Stage 3:	Deliberate appeal to several, if possible all (also unexpected) senses, whereby all sensory impressions should convey the same experience, in which the stimuli complement each other and create a unified, specific experience that establishes a direct and appropriate connection to the brand.

In the first stage of multi-sensual branding, it is important to use the design and layout elements in an optimal manner for the visual differentiation of the brand in the store space. As soon as independent visual brand elements have been established, it is advisable to address other senses in a second step in a way that is also consistent with the brand. Most of the time, the initial focus is on perceived liking, and the creation of a pleasant but non-specific atmosphere. The second step is therefore recommended at best for a temporary transitional period. Ideally, companies move directly to the third step and make their own brand coherently experienceable via all five senses, whereby senses that are not consciously addressed by competitors should also be specifically addressed, enabling an even more intensive brand experience (Kilian 2018, pp. 136–137).

As a result, multi-sensory brand impressions lead to particularly enduring experiences and thus to positive, long-lasting brand memories. It is of central importance that all sensory impressions convey the same experience and that a direct and appropriate reference to the brand is established. Then, and only then, do the sensory impressions reinforce and complement each other, creating a coherent, brand-specific experience that engages customers with the brand and creates meaningful and lasting loyalty (Kilian 2010, p. 48; Kilian 2012, p. 42). Luxury brand shops offer a variety of opportunities for this. The luxury brands presented there can be staged in a multi-faceted, multi-sensory manner and can evoke long-lasting, brand-specific experiences in consumers that contribute significantly to the success of the luxury brands.

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Multisensory in Implementation: From Corporate Strategy to Holistic Store Concept

20

Field Report of a Retail Designer

Hannah Sondermann

Abstract

The topic of "multisensory" exerts an almost magical fascination on marketing and retail managers. Countless studies flood us with ever new insights into the effects and possibilities of sensory marketing. But in reality, we rarely encounter a harmonious overall concept that is attuned to all the senses. Why is the implementation so difficult? The big step from theory to practice: How does the corporate strategy get onto the surface? Often the way is already (almost) the goal and already the analysis phase decides on the success of the concept. But which heuristics help to reduce complexity in the planning phase? Are there generally valid rules for a successful overall experience? When is it time to part with a good idea in order to create a functioning whole? And does the smell of cinnamon actually go with blue wall paint? We venture into the everyday life of retail designers and let you in on our ideas for solutions and suggestions for implementation. We'll show you what always helps us to stay on course and still break new ground. Multisensory in implementation – an approach.

20.1 With All Senses

"Multisensory" has also become a buzzword among retail experts and is rarely missing from our clients' briefing lists. Whether "5-senses marketing" or "multisensory brand communication" – time and again we are confronted with the question of whether our

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retail design concepts also appeal to all the senses. The simple yet momentous answer is always, “Of course!” Or have you ever had one of your senses wait outside the store or decided, today I won’t smell so closely?

It is almost impossible to develop a store concept that does not appeal to all five human senses (Fig. 20.1). However, the appeal of stationary retail also lies in this great variety of senses. So every spatial concept is both an opportunity and a challenge. Because even the desire to create a supposedly odour-neutral environment, for example, usually means more planning work for the retail designer than is thought at first glance.

Let’s stay with the sense of smell for a moment. From the materials used in store construction to the product offered itself – whether it’s rubber tires or baked goods – almost every component of the store has an olfactory consequence. The decision of whether to serve your customers a freshly made Italian cappuccino in the entrance area of the store or to place the deposit return machine instead will have a not insignificant impact on the perceived olfactory impression when they enter the store. You are sending two completely different welcome messages.

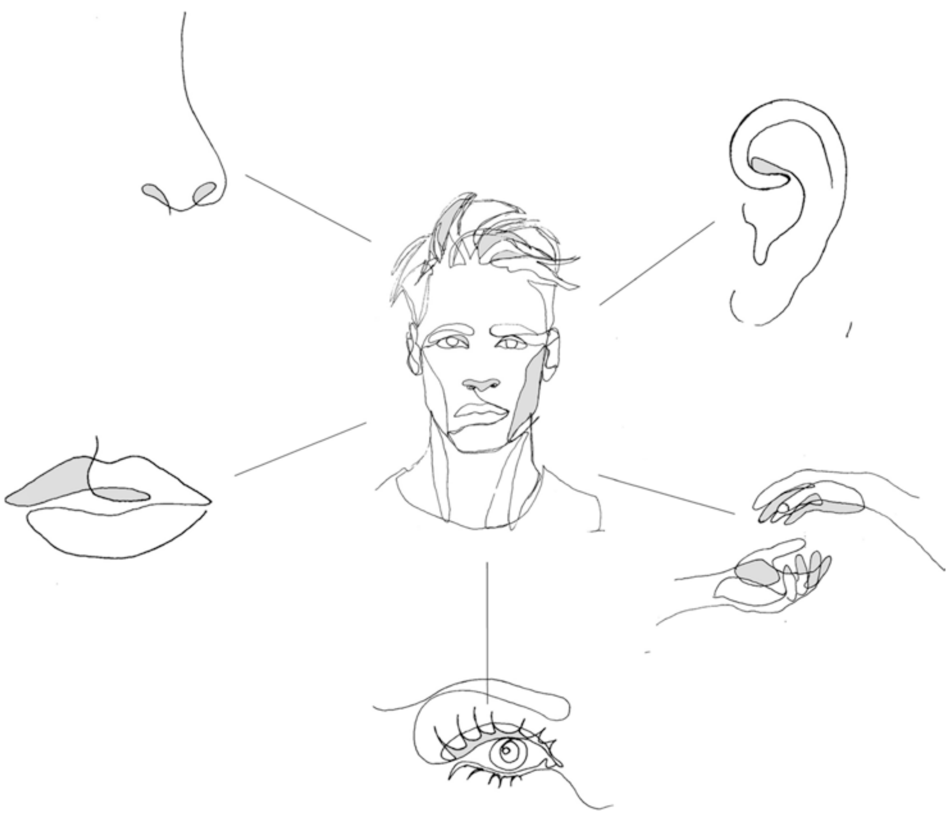

Fig. 20.1 The five human senses. (Courtesy of © The Store Designers 2020. All Rights Reserved)

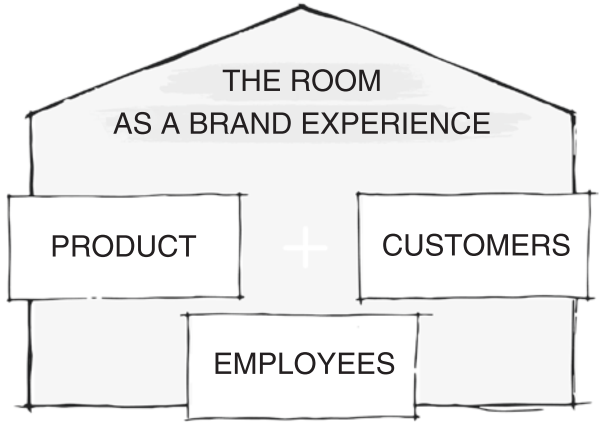

Fig. 20.2 The room as a brand experience. (Courtesy of © The Store Designers 2020. All Rights Reserved)

Every year, research provides a wealth of new findings on the subject of multisensory technology. For the retail designer, this not only results in the task of continuing education. As the expert in charge of implementation, he is also faced with the challenge of evaluating the individual findings and checking their applicability.

To make matters worse, scientific findings are often indistinguishable at first glance from interest-driven advertising messages. The biggest challenge for retail designers, however, is not the evaluation of individual ideas or findings, but the complex task of creating a holistic, contradiction-free overall experience: To develop a store concept that excites customers, reflects the brand and, last but not least, of course, sells the product (Fig. 20.2).

20.2 The Fate of Good Taste or the Limits of Freedom of Expression

It's time. A new store is to be built. Right at the beginning, the client introduces the project team. Our experience shows that the higher the project team is positioned in the hierarchy of the company and the more project-relevant disciplines it combines, the more effective the work process. If the various company departments affected by the project are consulted right at the beginning – from the category managers responsible for the assortment to the employees in the store – this significantly increases acceptance of the new concept later on and increases the probability of the project's success. Another important prerequisite is that the project manager has the necessary decision-making powers.

However, different perspectives also mean different opinions. In this context, we lovingly warn against the "trap of good taste." Few people will voluntarily deal with the latest calculation method of risk controlling or discuss with colleagues during their lunch break how the IT department could possibly have managed to introduce SAP so quickly. The situation is completely different when it comes to (store) design. Suddenly, the circle of interested parties is huge and everyone in the project group – from the CEO to the intern – imagines themselves to be a (design) expert. A fate, by the way, that the designer shares with almost all artists. Because regardless of whether you've lost your heart to Beethoven, Miles Davis, Jay-Z or Metallica, everyone is convinced that they have good (musical) taste. At the very least, however, almost everyone possesses a strong opinion that they would like to contribute on an equal footing. All too often, however, the power of good taste is underestimated and you find yourself in endless discussions about wall color.

This is not the only reason why it is important to be aware of one's own role within the project from the very beginning. Because it is not the primary task of the retail designer to create a "beautiful" space, but a place that meets the diverse demands – derived from the corporate strategy. The retail designer should therefore rather see himself as part of the strategy team. And they should aim to achieve measurable and verifiable results as often as possible. Otherwise, one quickly ends up in the "trap of good taste." In the end, however, the result cannot and must not be a matter of taste. On the contrary, success is usually measured in hard numbers. In many companies, "sales per square meter" is still considered the decisive KPI.

Large flagship stores that only serve the brand image are becoming increasingly rare. It is not surprising that these few projects are often awarded to renowned architects such as Frank Gehry or Rem Kohlhaas – designers who have already become a brand themselves and can thus contribute to strengthening a positive brand image.

If one defines oneself as a retail design strategist, the decisions made must always be justified and stand up to the often good reasoning of other departments. This means that the retail designer is not in demand as an artist. Rather, he or she is responsible for implementing the corporate strategy in the distribution channel "stationary salesroom."

20.3 The 5-Box Analysis

The basic prerequisite for successful cooperation at eye level is respect for the client and the formulated task. Companies have often already spent a lot of money on market research and management consulting. In order to prevent this valuable knowledge from gathering dust in the management's strategy folder and not even being used in the conception, the retail designer must actively demand and acquire this knowledge. So it all starts with the challenge of understanding the corporate strategy and analysing the needs of the client and its customers. Starting with the briefing, which must not only be read and stored, but actually used as a basis for work and discussion. We are helped in this by a method we call "5-box analysis" (Fig. 20.3). In this process, we ask the project managers to compile all the documents available in the company on the five topic areas of customer, assortment, brand, competition, and location (space). We collect, sort and evaluate the information provided according to relevance for the development of a "POS concept." The findings from this analysis phase form the basis of the retail design strategy, which in turn forms the basis for the store concept.

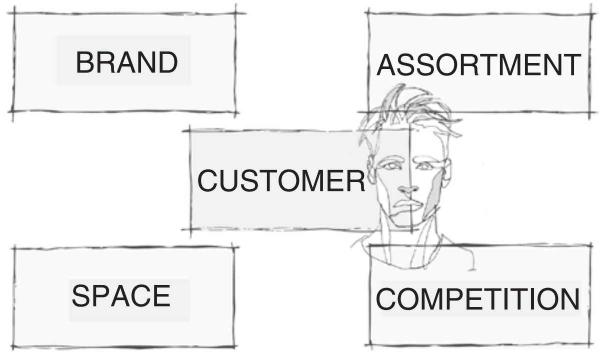

Fig. 20.3 5-box analysis. (Courtesy of © The Store Designers 2020. All Rights Reserved)

Fig. 20.4 Flexible display concept for the POS. (Courtesy of © The Store Designers 2020. All Rights Reserved)

20.3.1 The Customer: Where It All Begins

We start the analysis with the "customer" box, because the target group forms the starting point for every customer-centric store concept. For this purpose, we often receive the client's own market research data – sometimes already supplemented by documents from independent market and social research institutes such as the Sinus Institute. In addition to the socio-demographic data, the personality profiles of the target groups and documents on the customer journey are particularly important for the work of the retail designer. To stay with the olfactory example, one and the same customer at a gas station is attracted by the smell of coffee in the morning, but a few hours later is delighted by the smell of fresh grilled chicken at the end of the day. Now imagine, however, that you were surprised by the smell of a grilled chicken early in the morning. Rarely would it trigger the same joy as the night before. Ideally, the olfactory concept of a gas station should therefore adapt to the customer's journey throughout the day (Fig. 20.4).

In the best case, the company knows the different needs of its target group at different occasions and times. If this knowledge is not already available in the company and no further studies are planned, it often already helps to talk to the customers and employees on site to identify the first critical pain points. Listening and analytically precise observation are core qualifications of a retail designer who wants to see himself as a sparring partner of the client. The aim is to work out so-called "cases" and develop storyboards in order to offer answers based on the store concept that surprise the customer with smart solutions and free him from pain points in the purchasing process.

How deep one goes into the documentation on the target group, and whether a rough cluster is sufficient or it is nevertheless advisable to commission further studies, depends not only on the quality of the existing data, but also on the company to be advised and its products themselves. The complexity of the product is a first important point of reference. As a rule of thumb, the more pointed the product range and/or the more in need of explanation the product, the more specific the knowledge about the target group and its needs must be. Especially in the case of new market launches or a repositioning, one should spend time and energy to go into the depth of the target group universe.

A good example of the importance of target group orientation is the medical supply store, which is currently still suffering from its dusty image. A multitude of products in need of explanation can be found there under one roof. This is both a challenge and an opportunity, because it offers the possibility of addressing very different target groups with different needs with sometimes almost identical products. The classic compression stocking, for example, has long since ceased to be available only in cheerless beige. At the latest since football star Christiano Ronaldo showed himself to a broad public wearing compression stockings at the European Championship match against Austria in 2016, the target group for support stockings in Germany has expanded significantly. More and more professional athletes have recognized their advantages. They were followed by amateur athletes who want to be in no way inferior to their idols, at least in terms of outfit and equipment. Even young, design-conscious women have been identified as a new target group in recent years. For example, the manufacturer of medical aids "medi" has shown with the successful market launch of the "Item m6" brand that it is also possible to sell compression stockings to a new customer group in a stylish and high-priced way.

So if the focus is no longer exclusively on older people plagued by vein problems, the question arises: How does this expansion of the target groups affect the design of the salesroom? Does a uniformly designed store appeal to all target groups? What are the advantages of compression stockings for an athlete, a young pregnant woman, a businesswoman who likes to travel and the pensioner who is plagued by pain? And what would a room design that is oriented towards the needs of an ageing society look like in concrete terms today? Does the uniform look humorously described as "pensioner beige" still exist at all, or has the older generation long since succumbed to the megatrend of individualisation – also when it comes to interior design?

No matter what conclusion you reach in the end, precise knowledge of the customer and the products is a prerequisite for effective communication on the sales floor. And maybe you even do it like the company H&M and not only continuously establish new brands that are very pointedly tailored to individual target groups, such as & Other Stories, COS or Arket, but also develop your own store concept in each case that fits the brand and target group.

20.3.2 The Assortment: What It Can Do, What It Brings, What It Should Do

Once we have dealt extensively with the customer, the second box follows in our 5-box analysis: the product range. In most cases, there are already products for which a salesroom needs to be planned. At the end of the analysis phase, the "Assortment Box" should answer the following key questions about the product:

- What can it do? Product properties – and derived from them:
- What is the benefit? Product benefit for the customer
- What is it supposed to do? Product function within the framework of the corporate strategy (e.g., is it the cash cow or the innovation driver)

In order to achieve the corporate goal of "increasing sales," which is usually the top priority, the product must not only be presented as visually as possible, but its benefits must also be made visible to the customer. The assortment must be presented in such a way that it supports the employee in his argumentation during the sales talk on site. Even if no one from the sales team is on hand or the customer does not want advice, the communication should be designed in such a way that the product benefits are clearly recognisable even without a personal explanation.

In our experience, products sell particularly well when both rational and emotional customer motivations are taken into account. After all, in addition to rational factors that speak for the purchase of a product – such as an attractive price, durability or energy efficiency – there are often hidden, less obvious value propositions that affect our emotional side. For example, the low price may be a rational argument for buying a detergent. In the end, however, it may also be the emotional factor that one's own mother used a product of the same brand and that the smell of the clothes reminds us of a secure childhood that is the decisive purchase criterion. The influence of such imprints on the evaluation of alternatives should not be underestimated. In addition, many of the benefits that a product offers the customer are not immediately apparent. For example, only a few people can recognize the added value of the comparatively expensive Peugeot pepper mills compared to the many visually similar models of other brands. The benefit of a particularly high-quality and thus long-lasting grinder remains hidden at first glance; it must first be made visible to the customer. Often, however, the advertised advantages are no longer believed by the consumer. From bogus discounts to shampoo that promises magical hair growth. Many customers have made the experience that such claims can rarely stand up to reality or at least turn out to be unverifiable. Accordingly, they are distrustful and jaded when faced with all too full-bodied promises from marketing departments.

So what is the best way to provide information about the product in the store? When is the customer ready to believe the company and its messages? How can you create a design that also takes into account emotional buying motivations? Which sense should be addressed when and how? Even if there is no single correct answer, most customers will be able to confirm from their own experience that a multi-sensory presentation of product information is more impressive than a presentation that is only in written form, for example. People are much more likely to believe the slogan "fluffy soft bath towel" if they are also given the opportunity to hold the product in their hands and thus, in case of doubt, can convince themselves of its fluffiness. There is now a whole series of well-documented research results that are highly relevant to the everyday work of retail designers. For example, the likelihood of buying a product increases significantly if the customer is given the opportunity to touch and try it out. Especially in the case of innovative or complex products and services, the option to experience the product in use can be a convincing means of promoting sales.

When carving skis (alpine skis with a stronger waist and shorter overall length) increasingly entered the market at the end of the 90s, many recreational athletes did not initially believe in a decisive product improvement. Up until that point, men skied models that, at a minimum of 2 m in length, usually significantly exceeded their height. Why should this principle be changed after more than 100 years of skiing? And why should the increased waist of skis – at first glance a simple change in construction – trigger the revolution of an entire sport? Many people did not trust the enthusiastic announcements of the sporting goods manufacturers. But at the latest, when people themselves skied towards the valley with carving skis for the first time, clearly lighter and with far more control in sporty turns, it became clear: the long boards that had served you well for decades would no longer be brought out of the cellar the next year. Instead, carving skis ended up on the Christmas wish list.

However, not every store has a test area in the form of a ski slope in front of the shop door. Fortunately, there are also only a few products that require so much effort to experience. Planning more space in the store for trying out products has become a trend that we are also following. This can be a single wall with fabric samples to feel different material textures or a large special area in the entrance area to test new products. There are many ways to stage products so that they can be experienced in use. The international sports brands have already set standards in this respect. If you happen to be in Berlin, stop by the Nike Experience Store for a workout session, for example. In the "Nike Training Club", a specially designed area in the store, customers can try out the latest sports shoe models without – and this is a not insignificant detail – being encouraged to buy the tested product afterwards.

Especially since online retailing often scores with a significantly larger selection of products and convenient home delivery, the way products are presented in the store is also changing. The focus is shifting from a pure salesroom to a meeting place where you can experience products and meet the brand. Many big brands are reducing the number of their stores and instead investing energy and money in formats that already call themselves "experience stores". The physical store is thus taking on a new role in companies' sales strategies. Stores are becoming places where customers not only buy, but also experience products with all their senses and immerse themselves in brand worlds. In our opinion, the brick-and-mortar store is not at all obsolete, but can continue to play a key role in corporate strategy with this new understanding of its role.

20.3.3 The Brand: More than Corporate Design

After the analysis of customer and assortment we deal with the brand. As retail designers, we naturally deal with the corporate identity (CI) of the company and adhere to the respective corporate design (CD). Because, of course, the aesthetics of a store must always be in harmony with the design of the brand, which, by the way, does not mean the ubiquitous use of the CI colour at the POS. On the contrary – the CI guidelines must be interpreted and translated into the space in an original and intelligent way. In individual cases, the rule "a lot helps a lot" can indeed be a smart solution if used consistently. For example, the car rental company Sixt has been successful for years with its gaudy orange brand identity. But unfortunately, the conceptually well thought-out use of the CI color as a stylistic device in this case is rather the exception. Much more often, unimaginativeness is the reason why the CI color is used on a large scale.

When it comes to brand, however, we are not only concerned with corporate design: the store design should also reflect the brand values. The popular idea of placing one's own company philosophy on a wall behind the cash register can be a start, but in our eyes it is not enough for convincing brand communication. Far more aspects need to be considered. We warn against underestimating the intelligence and integrity of customers. In order to be perceived as credible, a company that positions and markets itself as sustainable, for example, should not only pay attention to high ecological and ethical standards in the production of its goods, but should also apply these standards to its store design. However, stringency in action alone is no guarantee of success. Although customers today are much more informed when they enter a store, thanks in part to the possibilities offered by the Internet, they do not have magical powers that enable them to see the invisible and hear the unspoken. The motto "Do good and talk about it" therefore also applies to in-store communication.

Surprisingly often, companies assume that the customer knows all the services and offers on offer. However, many product benefits are not directly apparent to the customer and therefore need to be explained additionally. Whether one hangs a photo of the friendly smiling organic farmer next to the potatoes, as the grocer Rewe does, to communicate the product origin, or even goes so far as to let the tomato equipped with speakers supposedly speak itself about its ecologically sound origin, as the Japanese organic supermarket chain Hug Mart demonstrates – the possibilities for implementation in the store are almost limitless.

What we recommend as a target-oriented communication strategy usually depends heavily on the target group and the available budget. When communicating in the space, one must not only consider the target group orientation, but also take into account how people generally process information and make decisions. Comparing alternative products during the buying process and finally making a choice challenges and exhausts us as customers. We therefore often fall back on learned rules and simple evaluation criteria, which can sometimes prove surprisingly resistant. When looking for an environmentally friendly shopping bag, for example, the once-learned credo “plastic is bad, paper is good” still serves many as a decision-making aid. And this is true even when experts have long since questioned the advantages of the paper bag and pointed out that the plastic bag does not always have to be the worse choice. In order to find a solution as quickly and effortlessly as possible in complex decision-making situations, we often unconsciously use heuristics – mental rules of thumb. This means that even if information about the brand is conveyed in the store, the customer is not always ready or willing to absorb and process it. This makes it all the more important to communicate the messages as clearly and simply as possible.

Especially when it comes to the topic of brand, close cooperation between retail designers and the company’s marketing department is essential. However, there are also dangers and misunderstandings lurking here. For example, we experience time and again that design colleagues from the graphics area, who usually deal with two-dimensional space, underestimate the specific challenges of three-dimensional space. The task is therefore not only to decide together what should be communicated, but also where and in what size. If the two disciplines are prepared to work together as a team, great spatial experiences can be created that go far beyond classic interior design solutions.

In this context, we never tire of emphasizing the crucial role that employees play as brand ambassadors. Imagine a noble fashion boutique for tailor-made suits in Milan. So you stroll down Via Montenapoleone and enter a shop – as the brass sign on the door reveals – that has been there since 1891. At first glance, all the expectations of a dignified boutique are fulfilled: Marble walls, richly decorated mirrors, golden chandeliers and stately red velvet armchairs. But then you are greeted by a young, bearded man in Birkenstock sandals and a leather apron, who greets you casually with: “Hey, how are you doing today?” A deliberate break and the desire to irritate? Perhaps. But in all likelihood, the employee’s appearance will be perceived as inappropriate by a large part of the target group and the suit will probably be bought in another store that day. This would be different in a hip concept store in Berlin Mitte, where customers would rate the appearance and greeting of the same employee as extremely friendly and coherent. As the example shows, employees as brand ambassadors also contribute significantly to the atmosphere in the store. An outfit that matches the brand is only one striking example. It is much more about the brand identity in the overriding sense and thus also concerns the customer approach – whether personally by an employee or as advertising text on the wall. And although the visual appearance “immediately jumps out at us,” it should not be neglected that the "heard" also influences our brand perception. Which form of address a company chooses, whether "You" or "You," ultimately determines how the brand sounds.

Often underestimated is the influence that the merchandise has on the appearance of the store. The composition of the assortment, the design of the products and their packaging should support the brand in its message. However, it is no coincidence that architectural magazines often show photos of stores without merchandise, because the designer did not always think about the appearance of the products when planning. For a store to delight customers, beyond opening day, it must also meet the challenges of a changing product range. Modularity is therefore becoming an increasingly important requirement for the store concept. The fact that a salesroom can be flexibly redesigned and quickly converted on a day-to-day basis should not be underestimated in the context of the increasing importance of so-called experience shopping. New stagings and regular events invite customers to visit more often and stay longer. That's why we try to plan for emerging changes in the product range as early as the store planning stage and establish a furniture system that is as modular as possible. An example: In 2017, we were commissioned by the workshop for people with disabilities in Duisburg to plan a concept store. Before the opening, however, it was impossible to predict how successful the new restaurant and bistro concept integrated into the store would be (Fig. 20.5).

We have therefore designed the space in such a way that an expansion with additional seating is easily possible at a later date. The floor coverings in this area have already been prepared for a possible expansion of the catering area and the goods carriers currently placed there have been placed on castors. Even now, the merchandise supports can be quickly moved to the side if space is needed there for regular concerts (Fig. 20.6).

20.3.4 Competition: What We Can Learn from the Competition

If we are honest: The wheel is not always reinvented and no designer moves in a vacuum. The analysis of the direct competition is important in order to distinguish oneself and not to copy unconsciously. In addition, the question arises why one should repeat mistakes of the competition or not be inspired by good solutions of colleagues. However, it is at least as important to analyze merchants who do not sell the same product, but are trying to make money from the same target group. Whether you spend your money on a trip around the world or a new car needs to be well thought out in most cases.

So we check in which stores the target group shops beyond that. If, for example, Porsche AG were to commission us to develop the car dealership of the future, we would naturally look at what BMW and Mercedes have come up with. But you can also ask yourself what other shopping experiences might influence the Porsche customer. Does she buy her suitcase from Rimowa, her office chair from Vitra, and put her travel guide on a shelf from USM Haller? What in-store experiences do these brands offer the customer?

Moreover, as part of a mobile society, we no longer only know the shops in our hometown, but in digitally networked times are wooed by brands from all over the world. The

Fig. 20.5 Bistro concept. (Courtesy of © The Store Designers (Annika Feuss) 2020. All Rights Reserved)

Fig. 20.6 Flexible space design. (Courtesy of © The Store Designers (Annika Feuss) 2020. All Rights Reserved)

expectations are growing. The demand on the new store concept is increasing, even independent of the industry standard. Megatrends are changing the way we look at the world and influencers are changing tastes across national borders. The imagery on Instagram shapes viewing habits and also influences the expectations of a store and its design. “Instagramability” has become an important currency for marketing departments. So as a retail designer, you definitely have to ask yourself the question, “How well does your store do in photos on social media?” So we set out to find trends and influences that are currently particularly relevant to the target group, and then look at how these are being translated into the space and interpreted in design terms by other brands. What does the competition think, what does “individualisation” look like in the space, what does “sustainability” smell and taste like? Our recommendation: Leave the familiar terrain and look beyond your own industry.

20.3.5 The Location: Or What You Should Know About Space

Finally, we turn to the topic of location (space). It is generally known that the location of a store is a decisive factor for success. However, much more information needs to be recorded and its consequences analysed. “XS downtown store” or “XL shopping paradise” on a greenfield site? Whether and in what quantity do goods have to be stored on site? How modular should the concept be? Then there are the peculiarities of individual properties – from a disturbing pillar in the middle of the room to the dreaded challenge of luring customers up a staircase to the next higher floor. And not to be underestimated: the cost analysis. After all, a basis is needed to be able to assess whether, for example, the costs incurred for a necessary conversion to integrate an additional catering area might exceed the benefits. We provide an overview, collect and arrange the facts about the location (space), in order to then be able to contribute a well-founded expertise as a sparring partner for important decisions.

20.4 The Road to a Retail Design Strategy

Once the five boxes of our model are well filled and the results per topic area are summarized, we have described the current status and thus completed the analysis phase. The task now is to link the findings from the individual boxes and translate them into a stringent strategy. For each box, strategic goals are defined that describe what we want to achieve. After all, our goal is to develop a coherent store concept that stimulates the senses without overwhelming them. We start again with the client and ask ourselves which styles both fit the identified target groups and are compatible with the brand's CD. Where do brand and customer values align? Which megatrends are particularly relevant to the target group and at the same time match the company's philosophy?

We also take a similar approach to the topic of assortment. In the following example, we present two possible strategic approaches that have often proven to be good guidelines for us (Fig. 20.7).

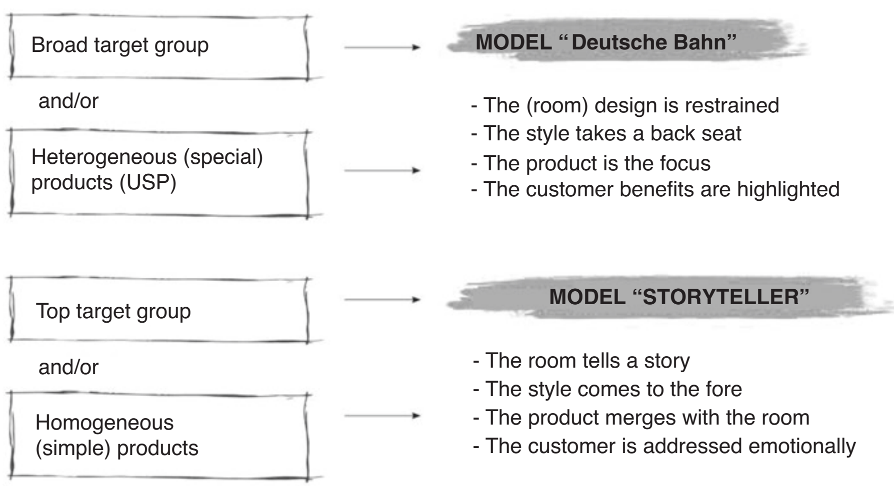

Fig. 20.7 Model examples of retail design strategy development. (Courtesy of © The Store Designers 2020. All Rights Reserved)

The "Deutsche Bahn" Model

Does the product range primarily consist of complex products that are difficult to subsituate? Then it can be a sensible strategy to place the product and its characteristics in the focus of the design and communication. If the product is the star and/or a broad customer group is to be addressed, the environment in which it is presented must not be too loud and eccentric. Accordingly, the design should be rather restrained and strategically focus on the product communication.

One example is Uniqlo, a very successful fashion brand from Japan, which is continuing its expansion in Europe and has also been present in German city centres since 2014. With its products, Uniqlo appeals to a broad target group and focuses on quality and functionality paired with a simple, timeless design. With few exceptions, Uniqlo applies a principle in the store that we internally call, with a wink, the "Deutsche Bahn" model: Everyone should ride and no one should be scared away. This means that an unobtrusive design is chosen that focuses on the product benefits. Consequently, the interior design at Uniqlo is dominated by neutral white – from the furniture to the mannequins. This is matched by the light-coloured wooden floors and brushed steel railings – valuable and restrained, just like the fashion itself. No eye-catching merchandise displays, but ceiling-high shelves stocked with products sorted by colour and function draw the eye. In contrast, one looks in vain for eye-catching presentations and worlds of experience. Only occasionally is the brand highlighted and the red CI colour picked up in the concept. Uniqlo clearly focuses on the product in its store layout.

The "Storyteller" Model

The situation is different when one or more very pointed target groups are the focus of attention and/or a story is told around the brand. Then the stylistics no longer have to be subordinate and the design may be significantly more dominant and charismatic. In line with the motto "storytellers wanted," the topic of "storytelling" at the POS moves into the design focus here. The possible conclusion of overwhelming the customer's senses with neon colours, pounding beats or shrill perfume would, of course, not be our recommendation. Rather, the results of the analysis phase provide us with information about what kind of story should be told and what style is the right one. When selecting the narrative means, it is important to use the findings from the "target group" and "brand" boxes as a basis. Here is another example: If you visit stores of the fashion brands "Monki" and "& Other Stories," it is noticeable that the product is not the focus, as is the case with Uniqlo, but the staging. Both brands belong to the H&M Group and focus on young women as their main customer group. Nevertheless, they deliberately address two completely different target groups with a different design language. Monki is loud, wild, colourful and unconventional. At "& Others Stories" the staging is equally impressive, but the design is much more restrained. Harmonious colour schemes and loving details such as fresh flowers and handwritten product information characterise the look and feel of the store. With a high-quality appearance and its own cosmetic products as well as numerous accessories, the brand is aimed primarily at fashion-conscious young women who are prepared to spend a little more money than the average H&M customer. If you want to tell a story in the space that appeals to a pointed target group, you need to know far more about the customer than age and gender.

In all cases, the following applies: one should know the possible purchasing motives of the target group as well as the superordinate corporate strategy in order to be able to develop an all-encompassing retail design strategy from the goals derived from the topic area.

20.5 From Strategy to Concept

Based on the strategic considerations, a concept is then developed. Here is also an example of how we transfer the derived stylistics into space.

As previously mentioned, the Duisburg workshop for people with disabilities (WfbM) commissioned us with the planning of the "AV Concept Store." "AV" stands for "Ars Vivendi", the art of living. As the name suggests, the store is dedicated to the beautiful things that enrich everyday life. From homemade bread and handmade chocolates to musical moments of pleasure. In addition to the gastronomy concepts, space was also to be created for the store's own inclusive fashion brand "esthétique" as well as for the largely newly developed products manufactured in the workshop itself. The assortment ranges from the handmade ceramic bowl to the noble secretary from the in-house carpentry.

In the analysis phase, we defined individual customer groups that we wanted to target with a new concept. Based on this, we worked out the different requirements for the concept in various customer journey scenarios. We wanted to offer the employees of the Duisburger Sparkasse, which is located in the same building, a quick, healthy and affordable lunch option. At the same time, however, the 60-year-old art lover should also be able to enjoy a cappuccino with a fine selection of chocolates in the afternoon and a glass of wine in the evening. Even if the various target groups differ greatly in their wishes and needs, there are always similarities between the customer groups, which we have already taken into account, among other things, when recommending the product range. A product such as a ceramic bowl can be found on an Instagram post of the young, cosmopolitan customer group of "explorers" as well as on a summer terrace of the art-savvy woman from the "liberal intellectual milieu."

The Pixar Model

After the comprehensive analysis, we decided in the strategy phase on a combination of three styles that fit the different target groups as well as the brand and the assortment. Similar to the controls on a mixing console in a recording studio, we can dose the different styles and use them louder in some areas of the store and quieter in others. Our basic style is "Modern (Classic)," to which we add various elements from the other two styles "Industrial" and "Art Deco."

In addition, we looked for values and preferences that all target groups share. In this case, for example, it was the love of craftsmanship and high-quality materials. We

Fig. 20.8 Mixture of modern (classic) and art deco. (Courtesy of © The Store Designers (Annika Feuss) 2020. All Rights Reserved)

subsequently picked up on this idea stylistically, for example through the manufactory character. The space should offer a stage for the products and tell a story that picks up all target groups individually – similar to a Pixar film that children enjoy watching in the cinema just as much as their parents.

"Modern (Classic)" Since we want to address different customer groups with our concept, the design was not allowed to be too extreme. The "Modern (Classic)" style provides a good basis with its straight lines and geometric shapes (Fig. 20.8). The style is classic, elegant, valuable, reduced and timeless. There is hardly any ornamentation or extravagant decoration. The colour scheme is also rather restrained: shades of white, grey, black, brown and silver are preferred.

Modern (Classic) in the AV Concept Store (Across All Areas) Clear lines in the room, reduced formal language, for example in the seating and the design of the wine rack in the restaurant area, classic "herringbone" wooden flooring, use of high-quality walnut wood, clear and reduced typography, e.g., for the brand philosophy on the walls.

"Industrial" The industrial location Duisburg as the origin and home of the brand should also play a role in the store design as a further connecting element across target groups. We therefore decided on another "Industrial" style – more precisely an interpretation that is also referred to as "Berlin Style" by colleagues from abroad: Raw concrete walls and/or peeling wall paint in contrast to soft, flowing fabrics, an exciting material mix of wood, concrete, marble, leather and metals, complemented by rare individual pieces such as

Fig. 20.9 Industrial. (Courtesy of © The Store Designers (Annika Feuss) 2020. All Rights Reserved)

vintage furniture or upcycled pieces. The design should appear as used, solid and handcrafted as possible, less filigree and decorative. Straight shapes and angular design characterize this look. Neutral colours are also preferred in this style: black, white and grey tones, sometimes supplemented by individual colour accents. Since the young, cosmopolitan target group, which represents only one of the focused customer groups of the AV Concept Store, feels particularly comfortable with this style, we have used the style far less prominently in the room (Fig. 20.9).

Industrial in the AV Concept Store (Style Focus in the Fashion Area) Black misted, open industrial ceilings and product carriers made of metal, use of concrete boxes and industrial grids suspended from the ceiling to fix the industrial-looking decorative lighting as well as matching product photographs: The fashion was shot in a steel mill with an inclusive model team consisting of employees of the WfbM.

"Art deco" The design mix of modern (classic) and industrial is rounded off with a pinch of glamour in the style of "The Great Gatsby." With the decision to pick up some elements from Art Deco, we have not only followed a current trend, but have also created a link to the other styles. After all, Art déco is influenced by both the industrial idea and the straight lines of the Bauhaus style as well as the floral Art Nouveau style with its soft, curved forms. High-quality materials such as valuable woods, leather, marble and precious metals are used. Despite the comparatively opulent materials, the style is attributed to minimalism and so the colour scheme is rather restrained. Apart from gold and chrome highlights, the colours black and white are once again the main focus, often supplemented by shades of grey-blue (Fig. 20.10).

Fig. 20.10 Art deco. (Courtesy of © The Store Designers (Annika Feuss) 2020. All Rights Reserved)

Art déco in the AV Concept Store (Style Focus in the Café Area) Decorative use of brass, e.g., as pilaster strips for the visual separation of zones and floor coverings or in the design of the chocolate trolley, menu card holder or decorative lighting, marble-look worktops, use of velvet for the seating in the café, combined with a floor in black and white checkerboard look.

All three styles can therefore be found in the room and have been harmoniously merged. Modern (Classic) forms the basis, supplemented by elements from the Industrial and Art Deco styles. Different target group focuses were assigned to each area of the store, which is also reflected in a stylistic focus of the respective areas.

Of course, we didn't just want to deliver a visually and tastefully compelling design, we wanted to offer a holistic overall concept that appealed to all the senses. A little insight into our considerations:

Listening: To support the value of the overall concept, attention was paid to good acoustics and a high-quality sound system was installed. For the live concerts, a noble grand piano was decoratively integrated into the café area (Fig. 20.11).

Smell: Baking bread takes place right in the entryway. The smell of bread is perceived as pleasant and inviting by almost everyone. All other odour-intensive dishes are prepared in a separate kitchen, also in order to exclude odour influences on the other products – such as from the fashion area adjacent to the bistro – as far as possible (Fig. 20.12).

Fig. 20.11 Listening experience as part of the overall concept. (Courtesy of © The Store Designers (Annika Feuss) 2020. All Rights Reserved)

Fig. 20.12 Smell experience as part of the overall concept. (Courtesy of © The Store Designers (Annika Feuss) 2020. All Rights Reserved)

20.6 In Conclusion

There are countless ways to positively influence customers and their senses through store design. We have described in detail how we succeed in staying on course. We firmly believe that a clean analysis and strategy in the run-up to the concept phase help to keep the overview, so that in the end a customer-centric, holistic store experience can be created without contradictions.

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21

LAGO by the Lake: Shopping Experience with All Senses

The *LAGO Shopping Center* in Constance and Its "*LAGO* 2025" Project

Peter Herrmann

Abstract

Dynamic, changeable and an experience in itself: this describes Lake Constance and the *LAGO Shopping Center* in Constance, the largest city on Lake Constance and a tourist magnet in the immediate vicinity of Switzerland with its high purchasing power. But those in the retail industry who rest on their current high visitor numbers seem to be completely unaware of many global trends. *LAGO*, never known in the industry for its resistance to change, has been working continuously and at great expense on its future viability since 2017 as part of the *"LAGO* 2025*"* project. The declared goal: to offer an urban and modern shopping experience with an exclusive "lake feeling." The steps towards this goal: a unique tenant mix with metropolitan quality and individual concepts for different target groups; the generation of an atmospheric and coherent atmosphere in the center with Lake Constance as the leitmotif; an attention-grabbing advertising campaign with high recognition value that also makes the lake its theme.

21.1 Introduction: Constance, Lake Constance and the *LAGO*

LAGO is a place where multisensory seems to work by itself: as a hybrid shopping center, it not only offers retail, gastronomy and services under one roof, but is also a place for culture (e.g., cinema) and leisure (e.g., fitness). However, *LAGO* becomes a real "third place" thanks to a special concept that is not only tailored to changing consumer behaviour

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Fig. 21.1 The *LAGO shopping centre* in Constance: “great good place” for visitors, “place to be” for tenants. (Courtesy of © LAGO Shopping-Center Konstanz 2020. All Rights Reserved)

towards experience and leisure orientation. It also makes the shopping center independent of shopping and thus a meeting place, a showplace, a “leisure center” of the modern kind, a “great good place” in the truest sense. And this concept – and here we come full circle – makes *LAGO* a parallel “place to be” for tenants (Fig. 21.1).

This is not a foregone conclusion, even if many people think so at first glance: *LAGO* is located in the heart of Constance, and thus in the immediate vicinity of the shores of Lake Constance. As the largest city in the popular holiday and leisure region, Constance is considered a visitor magnet with around six million day tourists and one million overnight stays per year. The geographically favourable location in the deep south of Germany on the border with Switzerland makes a significant contribution to this. A relevant number of day tourists also come to Constance from France and Austria. LAGO opened in 2004 on the site of a former railway depot with engine shed and canteen. At that time, retail in Constance was not yet defined as a promising area for development. Although purchasing power in Constance was already high 15 years ago, the inner city lacked modern space for relevant chain stores. Since its opening, the *LAGO* has acted as a motor for Constance’s retail trade. Its size and dimensions attract visitors, but offer the retail trade in the city centre enough room to manoeuvre – also because the *LAGO* has its very own stand with its range of products. Constance’s retail trade and the *LAGO shopping centre* have been mutually beneficial from the very beginning. This is also due to the effective combination of the metropolitan ambience of the *LAGO* with the historic charm of the city centre. *LAGO* sees itself as an active part of the city, and its visitors behave in the same way: after a stroll in *LAGO*, they usually continue on to the city centre.

The district of Constance alone is an economically strong region with retail-relevant purchasing power of EUR 7369 per inhabitant (for comparison: the national average is EUR 7086) (IHK Konstanz 2018). In addition, there are similarly high retail purchasing power values in the wider catchment area in Germany:

- Hochrhein-Bodensee region with districts of Constance, Lörrach and Waldshut: EUR 7576 (IHK Constance 2018)
- Region of Lake Constance-Upper Swabia with Lake Constance district and the districts of Ravensburg and Sigmaringen: EUR 7357 (IHK Bodensee-Oberschwaben 2019)
- Schwarzwald-Baar-Heuberg region: EUR 6667 (Baden-württembergische IHKs 2016)
- Baden-Württemberg total: 7425 EUR (IHK Bodensee-Oberschwaben 2019).

The values of retail-relevant purchasing power per inhabitant in the Swiss cantons close to the border are even significantly higher (IHK Konstanz 2018):

- Schaffhausen: EUR 10,060
- Thurgau: EUR 10,231
- Zurich: EUR 11,000
- Aargau: EUR 10,505
- Basel-City: EUR 10,797
- Basel-Land: EUR 10,814

In summary, this means: The above-mentioned regions alone result in a catchment area with enormous potential for the retail trade. Added to this are six million day tourists from the rest of Germany and other European countries, who bring even more purchasing power to Constance. The local retail trade meets this demand with a sales area of 163,575 m^2 distributed among 70 shops in the *LAGO* and approx. 300 shops in the city centre. *LAGO* contains 22,000 m^2 of retail, services and restaurants; the multiplex cinema comprises nine auditoriums with 1500 seats over 3500 m^2, the fitness centre a further 1700 m^2. Following an extension to the car park in 2014, 930 parking spaces are available. *LAGO* welcomes 10.3 million visitors a year with a well thought-out and coordinated mix of sectors, turning a shopping centre into a high-profile, popular and lively brand – with a good name and high profile far beyond the city limits of Constance.

21.2 "*LAGO* 2025": Positioning and Profiling

21.2.1 Analyses, Workshops, Action Planning

Advantageous location, reliable turnover through tourists and general consumerism are one thing. Times in which stationary retail and online mail order have long since shared customers, the other. Here and now, visionary thinking and consistent action with regard to tenant mix, atmosphere and communication must not stagnate. The basis for this is constant research into target groups and trends, the environment and the competition.

In 2017, *LAGO* initiated a clear brand profiling – with a long-term strategy until 2025 as a result. This process was led by Prof. Dr. Thomas Rudolph from the Research Center for Retail Management at the University of St. Gallen and Dr. Markus Schweizer from the boutique retail consultancy Holistic Consulting. The most important pillars of this were:

(a) An extensive customer (satisfaction) survey on site at *LAGO* to make internal company adjustments visible;
(b) The subsequent results and strategy workshop, in which fields of action were identified and prioritised on the basis of the customer survey;
(c) An environmental analysis to look at conditions external to the company, in this case market environment, competition, trends as well as best practices;
(d) A classic SWOT analysis and
(e) The examination of five LAGO-specific worst case scenarios.

Design thinking workshops and a student project on the topic of "third place" marked the beginning of this complex project; its provisional end was marked by a well-founded positioning of *LAGO* – including formulation of the value proposition, definition of target groups, derivation of initiatives, setting of targets – as well as corresponding action planning. For such a comprehensive strategic process with an implementation phase lasting several years, the management of a shopping center needs an active owner behind it – in the case of *LAGO*, *Union Investment,* which has long-term holdings in real estate and therefore has a very high interest in its sustainable further development. This is what has made "*LAGO* 2025" possible in its comprehensive form.

21.2.2 Lake Constance: Mere Location or Already Positioning?

The "*LAGO* 2025" project identified a special unique selling point that, at first glance, is nothing "home-grown" at all: Lake Constance. Built in the immediate vicinity of the shore, the *LAGO* already bears the "lake" in its name, and has made it its visual and communicative hub in a continuous process over the past 15 years. This is especially true in conjunction with a second major plus: a shopping offer that is unique in the region.

However, positioning here does not mean: We are the *LAGO*. You will find us in the city centre of Constance in the immediate vicinity of the lake and Switzerland.

For the *LAGO* management, positioning means making a performance promise: the most attractive tenant mix with an exclusive "lake feeling." *LAGO* is a place of encounter and experience with a well-rounded range of fashion and food under an exclusive roof. This value proposition is based on three guiding principles:

- "We cultivate our roots in the region and pay attention to the quality and exclusivity of our services. We always surprise our customers with new ideas and invite them to go on seasonal explorations with us."

- "With desirable brands that are not yet represented in the wider area, we bring a new flair to the region and open the door to the wide (brand) world for our customers time and again."
- "Glittering, sparkling, clear, fresh and associated with an idyllic feeling of freedom. A unique lake feeling that we want our customers to experience through all their senses."

21.3 "*LAGO* 2025": Ideas and Initiatives

The visitors to *LAGO* who were asked about their satisfaction in 2017 made it clear with their answers which factors already positively highlighted *LAGO* at that time – for example, the friendliness of the staff both in the shops and at the customer information desk, service aspects such as the range of services and cleanliness in the center and restrooms, the possibilities of technology-supported shopping, and yes, the location. At the same time, fields of action were revealed where the updated view through the customer's glasses once again awakened ambitions for improvement: advertising, tenant mix and center atmosphere. Previously treated as anything but stepmotherly, there was still potential for optimization from the customer's point of view.

Even in theory, it makes sense: an atmospheric center, emotional advertising that turns *LAGO* itself into a brand, and a well thought-out mix of shopping, dining, and service offerings attract customers; healthy visitor numbers, in turn, attract tenants. But the calculation is not that simple: the really attractive brands often leave themselves out. Yet they are the ones with whom an exclusive tenant mix can be built up in the first place. But one sought-after brand next to the other is not enough to fulfil the claim that the project "*LAGO* 2025" readjusted: The planning of measures envisaged and envisages making worlds out of the three floors with their respective shops and offers for specific target groups. However, this only works if the furnishings and (lighting) moods link the individual shops to create just such a world. Equally central: there are certain basic ideas that run equally through all floors. However, they always appear in a new form on each floor. In this way, the overall impression in the building comes together to create a special experience. At the same time, the *LAGO* itself must become a brand, appearing to the outside world as a modern marketplace and urban meeting place.

The procedure: The data and findings obtained in the customer survey served as the basis for defining a target group per floor. The design of the individual worlds was tailored to the wishes and lifestyle of the respective target group. The composition of the shops per floor forms the indispensable foundation of this target group-oriented approach. The concepts for atmosphere and service as well as the range of gastronomy are the supporting pillars. The integration of a cross-floor stylistic element is the proverbial roof that spans everything: The lake and the lifestyle associated with it are visible and tangible in the *LAGO*, making its upscale ambience appear even more exclusive.

Equally cross-target: the comprehensive range of services at *LAGO*. It is constantly being expanded with modern – expected or surprising – amenities. They address the contemporary further development of customer service as well as the connection of offline and online commerce: A clever parking guidance system, a green electricity filling station and a parcel locker for online orders, for example, take the pressure off and make the shopping experience even more pleasant. At the same time, tenants at *LAGO* are increasingly relying on "click and collect" offers. This overall package, which is constantly being adapted to the needs of customers, attracts additional visitors and strengthens customer loyalty to *LAGO*. The focus is always on making everyone feel at home at *LAGO*.

21.3.1 See, Sit, Marvel: The Special Atmosphere at *LAGO*

The lively and emotional atmosphere at *LAGO* is also designed to create a sense of well-being. This is based – in the sense of multi-sensory shopping – above all on the sophisticated lighting concept, the unique connection of the "inside" with the "outside" as well as the special design of lingering zones.

A Visual Experience: The Light in LAGO

For structural reasons, very few shopping centers can offer generous incidence of daylight and natural lighting conditions. Although atriums or skylights, for example, make some things possible, they are usually only selective. This makes a well thought-out lighting concept all the more important. It supports different functionalities, types of use and areas – such as walkways and dwell zones – by coordinating intensity, diffusion and colour. This is how it works discreetly but perfectly.

Nominated for the German Lighting Design Award 2019: The *LAGO Food Lounge* in the Basement.

The conception of a food court with various culinary offerings faces the challenge of creating a uniform appearance while at the same time allowing all restaurateurs their individuality (Fig. 21.2). Their show kitchens and sales counters are arranged around a central seating and dining area in *LAGO*. The flowing design of the floor and ceiling makes the entire area appear as a unit. Particularly important for the *LAGO Food Lounge* is an innovative lighting concept that can fulfil various functions:

- Present the whole area as a cosy lounge,
- Counteract the "basement atmosphere" in the basement,
- Form a contrast to the lighting concept in the shopping streets and thus invite people to linger, despite the shopping hustle and bustle all around.

In the dining room, the use of artificial skylights or light surfaces and indirect lighting is deliberately avoided in order not to disturb the uniform look of the ceiling. On the contrary: point light sources with very good glare control direct the focus on the delicacies on offer. High horizontal illuminance levels, in conjunction with the bright floor, turn the

Fig. 21.2 The *LAGO Food Lounge,* nominated for the German Lighting Design Award 2019. (Courtesy of © LAGO Shopping-Center Konstanz 2020. All Rights Reserved)

room into a reflector – generating a feeling of openness and long-distance effect. Directional light sources also provide Instagram-worthy brilliance on the plates. Each individual gastronomic offering in the *LAGO Food Lounge* has its own lighting concept. On the counters and in the open kitchens, this responds precisely to the requirements in terms of materials, individual food presentation and illumination of the work surfaces (Der Deutsche Lichtdesign-Preis 2019).

Lighting concept "connected."

The lighting is subject to a well thought-out concept not only at central locations such as the *food lounge* in the basement, but throughout the entire center. For this purpose, *LAGO* worked together with a lighting design office from Stuttgart. Where previously it was only a matter of providing appropriate lighting in the center, the "connected" lighting design developed especially for *LAGO* now creates a special atmosphere. Light on black stylized conductor tracks run across the ceiling of every floor. The artistic idea behind it: In the digitalized society, electronics, especially the smartphone, now connects generations. The effect: the long corridors appear structured. The installation serves to guide visitors to the entrances of the shops or to the transitions between the individual floors. The illuminated paths, including the light spots abstracted as test points – in analogy to the circuit board – still allow for accentuated lighting. At central locations such as the customer information desk, above seating areas or areas for promotions, direct lighting is provided by elements let out of the ceiling, reminiscent of lampshades in a modern style.

The light colours and intensities can be controlled by area. In the more consumer-oriented basement, where food, drugstore products and leisure articles are located, the light is fresh and direct. On the upper floor, on the other hand, where urban customers buy upmarket brands, the light is warmer and somewhat more subdued (Figs. 21.3 and 21.4).

The Outside in the Inside: The LAGO Video Wall

A lighting concept so good that visitors to *LAGO* do not miss natural lighting conditions was one of the missions from "*LAGO* 2025." Another: How do we bring the wonderful outdoors – Lake Constance, mountains, seasons, weather – into *LAGO?* Once again, a digital, yet emotionally charged solution was found. On a 4 × 7-meter LED video wall, suspended in the large atrium near the glass elevator and escalators, atmospheric images provide, among other things, a further visual reference to Lake Constance. Advertising for *LAGO* also takes place "outside" and is intended to become a recognition factor in the center itself: Thus, the video wall is also used for creatively staged and animated images from the current advertising campaign (Fig. 21.5).

Inspiration Islands Instead of Seating Areas

Another project resulting from "*LAGO* 2025" and intended to make the center atmosphere more atmospheric and exclusive is the redesign of the seating landscapes: In their function, they should not only be a place for a short rest in the future, but also an invitation to linger and feel good. Seating will be combined with decorative elements that are reminiscent of a cosy but stylish living room and at the same time whet the appetite for the shops' product ranges. Depending on the season, products from the individual stores are also decoratively staged for this purpose. The basic colours of the inspiration islands are based on the colours of Lake Constance.

21.3.2 All Roads Lead to the Lake: Emotional Advertising à la *LAGO*

Anyone who enters *LAGO* should enjoy a unique shopping experience. The atmosphere in the store does a lot to ensure this – it invites you to stroll, linger and shop. What visitors then find is a well thought-out mix of offers, the heartbeat of which is the availability of international brands. The special flair thus turns a visitor into a customer in most cases. But visitors only come if successful marketing conveys to the outside world what can be experienced with all the senses at *LAGO.*

The attention-grabbing advertising campaign with the key word "AM SEE" and the key visual of a reflection in the water whets the appetite for the special *LAGO* shopping, takes up the unique selling point of Lake Constance and at the same time offers a recognizable platform for every highlight action and every offer at *LAGO*. The aim is to give *LAGO* itself a branding in whose brand messages all tenants can find themselves – whether fashion or leisure, gastronomy or daily needs. The advertising motifs offer maximum freedom in terms of design and content through a flexible headline section and the use of additional

Fig. 21.3 Lighting concept "connected": Illuminated conductor paths as the basic idea, implementation across all floors. (Courtesy of © LAGO Shopping-Center Konstanz 2020. All Rights Reserved)

Fig. 21.4 Direct lighting above central places such as the customer information desk. (Courtesy of © LAGO Shopping-Center Konstanz 2020. All Rights Reserved)

visuals, while at the same time offering maximum recognition value through the unmistakable key visual and other fixed elements. In this way, what *LAGO* promises on the outside is what it can deliver on the inside: an urban and modern shopping experience with an exclusive "lake feeling" (Fig. 21.6).

The messages and campaign ideas from *LAGO* work cross-medially. Communication takes place wherever the target groups are: analogue and digital, interactive, playful and informative. The look and feel and motifs of the brand campaign are encountered again by visitors to the shopping centre in a versatile, charming way. Behind this lies a detailed analysis of the customer journey. A brand message was placed at every point of contact between the visitor and the *LAGO*: from the entrance barrier to the multi-storey car park to the staircases in the centre to the personal contacts at the customer information desk. Numerous communication surfaces in, on and around the building – for example entrance stickers or outdoor flags – continue the branding. *LAGO* also remains dynamic and surprising with a variety of seasonal promotions.

Thus, the *LAGO* brand consistently combines recognition value and consistency with creative variety and enticing changeability. This comprehensive brand strategy also convinces experts: *LAGO* has already received the "German Brand Award" several times (2016, 2017, 2018, 2019) and has ranked among the most successful in the "Germany's Best Shopping Center" competition for years (first place 2012, 2013, 2014, 2017; second place 2016).

Fig. 21.5 Recognition factor times two: The video wall shows atmospheric shots of Lake Constance and creative visuals from the current advertising campaign. (Courtesy of © LAGO Shopping-Center Konstanz 2020. All Rights Reserved)

21.3.3 Finding Instead of Searching: A Well Thought-out Mix of Offers in Clear Structures

As already mentioned, the management at *LAGO* is constantly working on the goal of making the three floors their own worlds. However, these are always connected by the *LAGO* brand and the center atmosphere. These worlds are rounded off by a gastronomic offer tailored to their respective audiences. However, an appropriate grouping and arrangement of the shops in the center is not enough on its own to retain visitors in the long term. International brands that are otherwise not available in the surrounding area bring new flair to the region and establish the *LAGO* as a place for a unique shopping experience. *LAGO* is becoming the home of shops that are otherwise only represented in large cities. However, if one were to line up shop after shop, brand after brand, in a relatively arbitrary manner, as capacities allow, the offers would not be as effective as they are in the *LAGO*. What makes *LAGO* so special is therefore a combination of (a) the recruitment of international brands not yet represented in the region and (b) their integration into the house according

Fig. 21.6 Example motif of a *LAGO* advertising campaign: modern, varied, enticing. (Courtesy of © LAGO Shopping-Center Konstanz 2020. All Rights Reserved)

to a concept adapted to the target group. At the same time, existing tenants are constantly encouraged to modernize their store concepts on a regular basis and thus stay up to date.

It is this selected heterogeneity in the product range, integrated into homogeneous structures in the shopping center, that makes *LAGO* so successful. This offers customers a place where they can discover new things, but at the same time feel comfortable and safe. You can only achieve the latter if you meet people where they are. For sales, that means their lifestyle, their demands, their values.

Well-Established, Upscale and High-Quality: The Upper Floor

Here you will find shops and gastronomy for quality-conscious visitors with an interest in brands, for modern, urban customers with an upscale but not aloof lifestyle.

A highlight there is the *SOHO LAGO,* a project that is probably unique in the industry: Fashion and gastronomy in the same space. Casual, stylish and international like the eponymous trendy district "SoHo" in New York's Manhattan borough, which has developed into a shopping paradise for lovers of upscale to luxurious fashion labels. *SOHO LAGO* is run by two local giants: the Constance-based fashion retailer *Ulmer* and the regional restaurateur *Holly's.* The transitions from fashion to mall to food flow in the truest sense of the word: the modern light installation on the ceiling above the shopping street stylizes

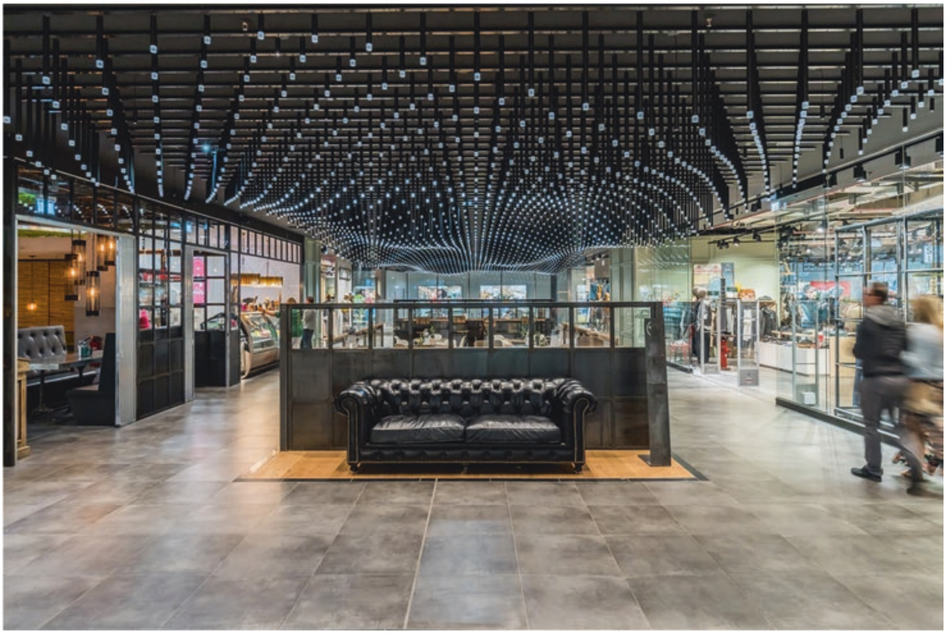

Fig. 21.7 The *SOHO LAGO:* trendy, urban, Manhattan feeling in Constance. (Courtesy of © LAGO Shopping-Center Konstanz 2020. All Rights Reserved)

waves in the water. The result is the overall image of a loft-like area in which visitors can buy international fashion and enjoy international food (Fig. 21.7).

Timeless, high-quality fashion is also offered on the upper floor by *COS*, which is represented exactly twice in German shopping centres and otherwise only in high-street locations.

Brands such as *JOOP!, Marc Cain, Massimo Dutti* and *Tommy Hilfiger* as well as the brands available at *SOHO LAGO* such as *Marc O'Polo, Drykorn* and *Opus* turn the upper floor into a lifestyle world for an ambitious, sophisticated, aesthetics-loving clientele.

Young, Lively and Varied: The Ground Floor

On the ground floor there are fashion highlights for a clientele that loves international labels and likes to try out new things. Rather young people who put together their individual (street) style at brands such as *Levi's, Calvin Klein, JD Sports, ONYGO* and *Only* and also completely reinvent themselves from time to time. *Hollister* complements the fashion range. *Lush* and *KIKO Milano will* offer trend products from the cosmetics and beauty segment for the curious, variety-loving target group. The offer for the "smartphone generation" is completed by an *Apple* reseller.

Down-to-Earth, Enjoyable and Practical: The Basement

The good things for everyday life can be found in the Basement: Food, drugstore goods and leisure articles including a wide gastronomic selection in the special atmosphere of the *LAGO Food Lounge.* Everyday life and family are the focus of the offer. Nevertheless, shopping does not remain a mere errand, but is given the typical *LAGO* experience character. In the basement, the focus is less on strong international brands and more on down-to-earth daily needs. This is where the importance of an atmospheric ambience that encompasses the entire center becomes really clear.

Gastronomy at LAGO: The Emphasis Is on "Guest"

The fact that visitors to a shopping centre also like to linger in the building in addition to shopping is a challenge that has already been dealt with here sufficiently. *LAGO*'s goal is even to invite visitors to stop in. It achieves this with a gastronomic offer that focuses on regionality, quality, freshness and responds to the different needs of the clientele. The regional roots of the restaurateurs guarantee local – i.e., fresh, good and trustworthy – products. Their origin is an important factor: *LAGO* thus follows the consumer trend of sustainability – also out of its own conviction.

Ten to fifteen percent gastronomy is common in shopping centers. At *LAGO* it is only seven percent, but they follow specific leitmotifs:

- **"Impulse":** This stands for the healthy snack in between or the reward after shopping.
- **"Fast Casual":** pizza and pasta, Thai, sushi or good home cooking, as a snack or lunch break on site or as a take away with the idea of taking the best home.
- **"Casual Dining":** restaurants that offer international cuisine for lunch or dinner.
- **"Relax Café"**: good coffee, sweet and savoury temptations for breakfast or in the afternoon.
- **"Fine Dining":** exclusive cuisine for lunch or dinner, with friends or business partners.

The offerings are finely tuned to the various needs for food and drink throughout the day and, in addition, are also assigned to the floor concepts outlined: For example, the *Food Lounge* in the basement ("Fast Casual"); *merci* ("Casual Dining") on the ground floor with a seasonally changing menu, hip bar culture and – a novelty in the center industry at the time – a spacious terrace on the forecourt, which opens up the entire shopping center to the city center; *Deli* ("Fine Dining") on the upper floor with light cuisine, elegant bar, live music events in the evening and lake view for the more discerning.

The management sees the gastronomy competence at *LAGO* as part of the overall experience in addition to shopping. Goal and result: *LAGO* is also a meeting place and place to be in Constance far beyond the business hours of the retailers.

21.4 Outlook

Anyone who visits *LAGO* is not automatically a customer. But he is a welcome guest, and he should feel that. The *LAGO* works in all dimensions and on every level of human feeling and well-being:

- As a shopping center with numerous offers under one roof.
- Within the floors for different target groups.
- As an independent brand and "place to be."
- In symbiosis with the environment, here especially with the city centre through cross-fertilisation as well as with Lake Constance by opening up and extending the centre into the open air.
- As a place to feel good, to be experienced with all senses.

Since its opening in 2004, *LAGO* has always kept its finger on the pulse and changed shoulder to shoulder with the city of Constance. This is how it has become the modern, lively shopping center that millions of customers appreciate year after year. The prospects for the future are also bright: the environment is economically sound, the range of products and services is attractive, and marketing always has its sights set on long-term success. The major trends such as sustainability and local identity, global awareness and digital networking are part of the *LAGO* corporate culture. New visitors and tenants are welcome. Shop operators in *LAGO* benefit from its effect as a "lounge" in the sense of lingering, strolling, stopping in, as a world of experience in itself and – of course – as a place for relaxed shopping. *LAGO* will grow even closer together with the city centre. In the course of redesigning the nearby station forecourt into a "boulevard" and merging it with the *LAGO* forecourt, a high quality of stay and a completely new "strolling feeling" will already be created on the way into *LAGO*.

Those who come to *LAGO* can let themselves drift as they please, without having to miss anything. It's about finding out what you actually desire; about inspiration, new ideas, new conceptions of your own personality. It's about discovering and reinventing yourself again and again – without having to type in a search term. *LAGO* is not primarily about searching, it's about finding: beautiful things, delicious food, interesting people. That is experience and that is life "at the lake."

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Peter Herrmann Center Manager at the LAGO Shopping Center, is a retailer with heart and soul. Born in Ingolstadt, he trained at Oberpollinger in Munich, studied business administration and became managing director of the regional chain store Haux. From 1998, he was center manager at industry leader ECE, then in 2004 he moved to Prelios Immobilien Management (now Girlan Immobilien Management) and thus to LAGO – with no end in sight.

22 Accompanied from World to World: Multisensory in a Supermarket Using the Example of Swiss Migros

Christoph Oriet

Abstract

Anyone who has ever landed at Zurich airport will remember being greeted first by Roger Federer, Switzerland's most famous tennis player. Federer cheerfully says "Hello!" and invites the passing passengers to take a selfie with him. Most take a quick notice of him and move on. Then the airlock opens, and passengers are among the shelves of the duty-free shop. Or we are standing on the escalator of a department store and a sound shower descends on us. Interrupted by offers, the music warbles away, giving us the feeling of being lifted. Or we are drawn into a fashion store by the smell of a soft perfume. As a rule, we are not consciously aware of this – our concentration is directed at something else: orientation. It is only later that we make the decision to buy this or that product that was just advertised, when the escalator pulled us up to the pans or led us down to the food department. Or when, while waiting for our suitcase at the airport, a branch of the major bank Credit Suisse comes into view. Roger Federer advertises for Credit Suisse.

22.1 The Colourful Reception: The Fruit and Vegetable Department

All marketing is a courtship of attention and time. Lights here, signs there, offers and sounds want to be noticed. It is so easy for customers to lose their orientation. For multisensory marketing, this means that customers should not be overwhelmed in the

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supermarket. They should not have to decide at the entrance whether to go left to the baked goods or right to the vegetables. If the entrance is also equipped with special offers, the brain is completely confused. Better is: The customer should enter world after world and be accompanied from world to world. Moreover, they should feel comfortable in each of these worlds, experience them, linger in them and enjoy them.

You might wonder why most supermarkets have fruit and vegetables placed right by the entrance. Well, because there is no other offer that better reflects the seasons.

Inspiration: You can play with the colours and shapes of fresh strawberries, mandarins, radishes or cucumbers, and customers will pause. When they see a beautiful cauliflower, they ask themselves: What could go with it? A fillet of beef? Or they discover fresh asparagus and choose butter and boiled eggs or a hollandaise sauce to go with it.

All the senses are appealed to when you enter a sales outlet with fruit and vegetables. The eye is appealed to by the seasonal, carried by the colours of fresh basil or red cabbage, among others. The ear is stimulated by music or by announcements of promotions. Music has the advantage of speeding up or slowing down customers – depending on style, time of day and the state of mind. Haptics is also important, you can touch the fruit and vegetables, a small part of the offer anyway. This usually triggers something positive in the subconscious, unless you really don't like broccoli.

Fresh fruit is often offered for tasting in small pieces to stimulate the palate. The nose and the palate sense freshness, with the nose immediately noticing when something is overripe. Therefore, one hardly smells anything in the department of fruits and vegetables, because the fruits and vegetables are sold off very quickly.

Anyone entering the fruit and vegetable department should experience an atmosphere like that of a market.

Market feeling: This is supported with woven baskets, so that you really have the feeling you are in Italy, moving from stall to stall with apples and tomatoes on a beautiful market and tasting a grape.

To create a sense of security, deep ceilings are drawn in the fruit and vegetable department. It should not go to infinity and thus not hang 5 m or 6 m above. Thus, the market feeling is strengthened and triggers a sense of well-being. Attention should also be paid to the ceiling. In the Migros it used to be yellow, today it is mud-coloured. For the floor, a brown tone was deliberately chosen so as not to distract the brain from the range of colourful fruit and vegetables and thus overwhelm it.

22.2 The Baker in Mind: The Bakery Department

When we are in the fruit and vegetable department, we don't smell the scent of herbs or halved tangerines, but of bread. The bakery department follows on from the fruit and vegetables. The bread was baked on site by Migros home bakers and not put in the oven as dough pieces.

Participation: You can watch the baker at work. And the eye perceives him consciously or unconsciously as well as the many beautiful breads he has baked. Light breads, dark breads and even deliberately black breads, the eye wanders over them all.

But the eye also notices the materials of this beautiful department as well as the lights, the floor tiles and pictures and pictograms.

And behind the counter is the trained baker who kneads the dough. You can ask him about the type of bread, the grain and the other ingredients he has used. You establish a direct contact between producer and consumer.

Fig. 22.1 Migros in-house bakery

But also the ear is occupied. One notices the conversation with the baker or the announcement of promotions about breads or other baked goods. In addition, the hands become active; here one can feel the warm bread, one touches it through the package and knows that this is fresh when one holds the warm, almost pulsating loaf in the hands. The bread can also be tasted here; this is important for the palate and for the nose. The scent of oven-fresh baked goods is deliberately directed to the supermarket. Anyone who perceives fresh croissants (in Switzerland they say Gipfeli) in the morning will hardly be able to resist buying them (Fig. 22.1).

22.3 Food, Direct from the Supermarket: Convenience Food

The convenience products department, i.e., the range of pre-prepared foods, is positioned in the immediate vicinity of bread and vegetables. They represent the booming market par excellence. Already today, some of these foods can be consumed directly at the point of sale. This will increase in the future. Tables and chairs will be set up, or even stand-up tables, so that customers can consume daily products right on the spot. This will mainly be at lunchtime and less in the morning or evening. Again, it's important for customers to be able to taste bites. It will tempt one or the other to buy.

22.4 Decisive in the Future: The Served Counters

Fruit & vegetables, bread & baked goods and convenience are followed by the served departments. They have lost importance, but in the future they will be the decisive reason why we shop in the supermarket and not order online.

The departments served usually include cheese, meat and fish. This appeals to all customers who value a personal touch and who want advice.

Added value: You explain to the customer which types of cheese go together for a cheese platter, how long a piece of meat has to roast or cook, how the fish is prepared, which vegetables or other side dishes go well with it.

The screens above the counters have a supporting effect. The subconscious is also addressed here. Exciting studies have been carried out on this. On the screen above the butcher's shop, a cordon bleu was advertised. A cordon bleu is a breaded cutlet of veal or pork stuffed with cheese and ham. When a customer bought the cordon bleu, they were asked why. Most customers could not answer the question. They were apparently unaware that they had just seen the image of a cordon bleu on the screen above the counter. The warm red light plays a crucial role at the meat counter. Meat is not supposed to look dead, it is supposed to have a healthy red or pink color. Fragrances are not used in the cheese, meat and fish departments, except for a neutralizing fragrance in the fish department.

The service will become more and more important in the future, because only there the contact to the consumers can take place. Many people live alone today and want more human contact. An indication of the growing interest is the high number of cooking shows on TV or the Internet. When cooking shows are booming, the demand for advice and thus for served departments grows accordingly.

22.5 Doors Closed: The Refrigeration Departments

When we leave the served departments behind, we come to the so-called refrigerated section with the glazed sales showcases. To make customers feel at home even in this rather frosty atmosphere, all the coolers in Migros' new sales outlets have been fitted with glass doors for dairy products, cheese and meat products. After all, you don't leave the fridge open at home; accordingly, the doors should also be closed in the supermarket.

It is now known that no less sales are made when a cooler has a door – but customers clearly feel more comfortable. Think of the many hard discounters with their open coolers. People usually feel uncomfortable there because it is really cold in the corresponding departments.

22.6 More Wood, More Feeling: The Food Department

The refrigerated section is followed by the very conventional part, the so-called dry assortment or formerly also the colonial section. Here the customer is actually accelerated by the straight lines of the shelves. Nevertheless, they are again stopped here by worlds of experience. For example, through the chocolate world with shelves made of wood in the home style. Or by a screen showing the mountain landscape, complete with alpine sounds for the ear. In this way, tourists are also made aware that chocolate is a core business in Switzerland and that they can buy first-class chocolate here.

But also certain high quality products such as coffee or tea are specially highlighted with wooden shelves. Here, too, we work with haptics. If customers can taste the chocolate, this triggers a much higher increase in sales.

To top it all off, the customer is guided to the right department with so-called focus images of products that are visible from a distance. This is crucial for our subconscious. We should not be overwhelmed, but quickly find the appropriate goods. For this reason, labels for coffee, spices or chocolate, among others, hang from the ceiling between the individual shelves.

22.7 Value-Added Tables with a Seasonal Touch: Non-food

From the food section we move to the non-food. This part is marked by tables on which dishes and cutlery are usually presented, but also decorated for seasonal focuses like Christmas. At Migros they are called value-added tables.

At Christmas, baubles hang over the table, festively set with matching napkins, with crockery and cutlery that reflect the home. The accessories are for sale. Hosts are inspired with products on how to give their guests a festive welcome – whatever the season. The standard assortment is available to the shelves. It is important to keep everyday products in stock at the store at all times.

22.8 Talking Booths: The World of Clothing

After the tables and shelves for hard goods products, the children's world makes its appearance. The supporting pillars of the supermarket are deliberately emphasized for the children's world – with the Migros comic characters. They are called Lillibiggs. The other columns are generally made to disappear visually by the store designer; like the ceilings, they are kept mud-coloured so that they are not noticed (Fig. 22.2).

Screens with Lilibiggs characters are placed, they are recognized by the children. And in the games corner, children can get to grips with contemporary characters in computer games.

Smart contacts: The center quasi is the talking locker room for kids. The children crawl in without any problems; the parents have to bend down. The child sits down on a bench and is greeted by Tobi via the screen. Tobi is one of the three Lilibiggs comic characters. He greets the little one by saying, "You look nice today!" This way the child is distracted and the mother (or father) can put the child's pants on without him whining.

In the clothing sector, the rule is: babies and children first, then men, then women. In the adult departments there are no pictures of models, but of normal people. They wear the clothes that you can actually buy on site. That's important, because it gives you the good feeling of being among your own kind and meeting the standards. You relax.

The spacious changing rooms are helpful. Until a few years ago, these cubicles resembled the scanning booths at the airport for baggage checks. At Migros, the cubicles are now kept in light colors, equipped with high-quality materials and spacious mirrors. In addition, some branches have a fragrance dispenser. The lighting can be adapted to the mood of the day, whether light or dark, morning, noon or evening. Disinfection has always been important. A button can be operated in the cubicle to disinfect the floor.

Fig. 22.2 Children's department

22.9 Beauty with Customer Care: The Beauty Selfcare World

One department that elicits great emotion is BSW – the Beauty Selfcare World. Tests showed that the conversion rate was 100% when someone was on site. In other words, every customer who asked the attendant, where can I find this soap or that item, ended up buying that item.

This is a crucial point. When you walk through a retail outlet today, you often don't see a single person left to talk to and ask. The social component is completely missing. At the same time, people should feel comfortable shopping, they should be able to talk to someone or ask something. As a side effect, it can be stated that the theft rate is almost vanishingly small.

But there are also make-up mirrors in the BSW department to try out a product. The choice of colour is also important. Unlike the rest of the supermarket, the walls here are white. White is the neutral, the simple, the clean and sterile (Fig. 22.3).

Opposite the BSW, the first pharmacies were set up in some of the larger Migros stores. They are operated by the mail-order pharmacy "zur Rose."

22.10 Next Please: The Checkout Zone

The last meters of the store are called the checkout zone. These meters can be the most important, because this is where it is decided whether the customer goes home with a smile and a good feeling – and thus keeps the retailer in good memory. In Germany,

Fig. 22.3 Beauty Selfcare World

reward assortments such as sweets, magazines, spirits and tobacco are often offered in these zones. However, Migros has always refrained from selling alcoholic beverages and tobacco products. The founder – Gottlieb Duttweiler – wanted to send a clear signal to promote public health.

What remains then? With family checkouts and the flower departments in the post checkout area, customers are seen off with positive emotions. At the family checkouts, children are actively involved in the shopping process, which pleasantly reduces whining and allows parents to devote themselves to the payment process. In contrast, the flower department is already an eye-catcher for customers waiting at the checkout. On the one hand, this can generate impulse purchases, but on the other hand it also noticeably reduces the subjectively perceived waiting time. The variety of colours is calming and triggers a sense of well-being.

22.11 The Future of the Supermarket

The feeling of well-being may even be more important than the price. The payment process will be different in the future; so will customer service. We are getting older, we stay longer in the stores, so it is also important to create seating here. The consumer should be able to rest and have a glass of water.

In the future, customer service and the checkout zone will merge; like in a hotel with its service desk. There, the consumer can go and present his concern. All services such as cleaning and repairs, but also complaints, will be handled by the service desk, just like in the hotel.

The flower department will be located in the fruit and vegetable department to complement it. Gastronomy will also merge with the supermarket even more than it already does.

Further, the focus on the subconscious will play a much greater role than today. For example, the ceilings. Today they are painted mud-colored, and you don't even consciously notice them anymore. Fifteen years ago, ceilings were all yellow because people thought it was the conscious mind that made the decisions, not the subconscious. Today we know that over 90% of our decisions are made from the subconscious. And you perceive the mud-colored ceiling or the brown and gray floor just as subconsciously as you perceive the pleasant lighting. Everything suggests that the supermarket of the future will be decelerated.

Christoph Oriet has in-depth expertise in store design and store planning in the retail sector. This is based on over 30 years of experience in Swiss food retailing (Coop and Migros) – including as Head of Total Store at Migros Genossenschaftsbund in Zurich. He is Chairman of the Board of Directors at Storeconcept in Härkingen, a Swiss shop fitter with a holistic service offering from a single source. Christoph Oriet is also the owner of ORC Consulting GmbH.

23 Creating Value Through Value Creation: How the Stationary Grocery Trade Creates Added Value for Its Customers in Times of Online Competition

Philipp Rieländer

Abstract

Compared to other sectors, the grocery trade offers customers a high added value that can hardly be imitated by online offers. In this chapter, the unique selling propositions of bricks-and-mortar retailing are first outlined, followed by the most important approaches that can support the creation of new and the strengthening of known customer added values. The focus is on value-creating activities at the point of sale, the supporting use of IT and technology, dynamic space management and the promotion of a proactive controlling system. With the help of the analyses presented, measures can be formulated and implemented immediately to further increase customer added value in the future.

23.1 Introduction

Successful grocery retailers have always offered their customers added value. Because of this, customers choose to shop in that exact market rather than another. With the increasing development of online grocery offerings, retailers are facing additional competition. In this article, the author presents his own assessment of the dimensions of stationary retail performance that are suitable for generating added value for customers even compared to a good online competitor.

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Orientation on the following dimensions offers retailers the opportunity to sustainably strengthen their own competitive position in the creation of further customer added values – against competitors from both online and offline retailing at the same time. For this purpose, approaches are presented that can support the stationary retailer in creating new and strengthening known customer added values. The focus is on activities at the point of sale, the supporting use of IT/technology, dynamic space management and the promotion of a proactive controlling system.

23.2 Value Added in Stationary Retail Trade

A high customer added value is an essential success factor for every retailer. If a retailer knows his customers, their buying behavior and their wishes, he can orient his actions accordingly. If the approaches that the retailer derives from the knowledge gained or his intuition are relevant for many customers, he can achieve a high level of popularity with his customers. The more consistent and sustainable his customer-centric actions are, the more loyal his customers will be.

The grocery market is characterized by frequent shopping and a high intensity of competition. This makes loyal customers all the more valuable for every grocery retailer. This direct connection between high customer added value and the resulting customer loyalty is an important success factor for the food trade.

In recent years, German food retailers have only had to give up a small share of the market to online competitors. The online market share for groceries is currently around 1.5%. This is a low figure compared to other product ranges. This indicates that retailers continue to offer their customers high added value and have so far motivated only a few customers to switch sales channels. However, the online offering in the grocery sector is still very young, and moreover not yet developed across the board. It must therefore be assumed that in the future both the range of online retailers will continue to improve and their reach will continue to increase.

If one wants to raise the customer added value in stationary food retailing in order to keep the distance to online competition, then it is worthwhile to identify the unique selling propositions of stationary retailing – in comparison to online retailing – and to focus on these in particular. The four most important dimensions for grocery retailing derived from practical experience are described below.

23.2.1 Shopping with All Senses

In stationary supermarkets, customers can use almost all their senses to make their purchase decision. For many assortments that are a means to life, the opportunity to see, taste, smell and touch the goods is an important shopping criterion for customers.

The customer uses his senses – consciously and subconsciously – to decide where to buy, what to buy, how much to buy and whether to buy. He therefore uses his senses not only in relation to the selection of individual products, but for the evaluation of entire ranges.

On the one hand, this multisensory selection option represents a very decisive added value to any online retailer. On the other hand, there are also products and assortments for which shopping with all senses is not highly relevant for customers. For these in particular, it is important that a retailer can offer its customers further added value.

23.2.2 Experiential Purchasing of Relevant Products

Shopping in a supermarket offers the opportunity to experience relevant products in an adequate environment. In a fruit and vegetable department modelled on a marketplace, German strawberries are placed prominently at the beginning of the season, attractively displayed, provided with information signs about the regional producers and offered for tasting. This example shows that it is the individual details that contribute to a real supermarket experience. An attractive store design, appealing assortment worlds, staging of relevant topics with corresponding storytelling are important factors here. A successful combination with a focus on the aspects of the shopping decision that are important for the customer (quality, regionality, price, sustainability, etc.) represent an added value for the customer that is difficult to replicate on the Internet.

23.2.3 Social Contact and Personal Counselling

The supermarket serves many customers not only for the purpose of procuring goods, but also as a platform for social contacts and dialogues – with the retailer, manufacturers and other customers. The local supermarket thus often becomes a meeting place where people like to meet and exchange ideas – sometimes several times a week. The focus is not necessarily on product topics or the actual purchase. The often long-standing contact and the opportunity for a personal, short or long conversation are an important criterion for many customers when choosing a place to shop.

In addition to social contacts, stationary food retailing also offers the service of personal advice. Especially in assortments where trust plays an important role, customers have a decisive added value if they know the person advising them. This involves information, assistance or even advice on products, producers, the method of preparation, etc. This personal and trusting dialogue helps to determine the customer’s wishes and needs precisely and to adapt the offer on site to these in the best possible way.

23.2.4 Immediate Usability

Another unique selling point of the stationary food retail trade is the immediate usability of the products. The “right here, right now” expectations of many customers can be met by food retailers. This is an important decision criterion when choosing a shopping location, especially for fresh products for short-term consumption.

In addition, the supermarket can also offer its customers the service of receiving individual products for immediate consumption in the desired "aggregate state." This means, for example, the chilled Coke, the hot soup, the warm burger, etc. This is highly relevant for all customers who have only a very limited time window available for shopping and consumption (e.g., the breakfast break of students or the lunch break of employees).

23.3 Approaches to a Customer-Centric Added Value Strategy

Regardless of how a merchant assesses the likelihood of increasing online competition in grocery retailing, it is advantageous to take the aspects outlined above into account when creating further added value. This is because the targeted expansion of customer added values that pay attention to these aspects creates an advantage over stationary and online competition at the same time. Here is an illustrative example: If I invest in the contact and consulting quality of my store, I can develop advantages over online and offline competitors. If I invest in additional parking spaces, this gives me maximum advantages over all stationary competitors, as there is no parking space search on the Internet.

Regardless of the target direction, the following approaches are to be understood as support for every retailer who is concerned with a conceptual increase in added value. They are thought-provoking impulses, which are enriched and clarified by practical examples.

23.3.1 Focus on Value-Added Activities

In every supermarket, countless activities are carried out every day. Some of them serve to make the sale of goods possible at all. Others generate added value for the customer. It is therefore advisable to first get an overview of the essential activities in the market and then to evaluate them with regard to their intensity of added value generation. The following statements can support the assessment:

Questions on the Generation of Added Value

Is the activity likely to

- Is coming into the market because of it?
- … to buy more stuff because of it?
- Is willing to pay more for that?
- Talks about this with his friends?
- Experienced a difference from the competition?

The more strongly one or more statements apply to an activity, the higher the added value generated for the customer. Taking into account the working hours required for the respective activities, a retailer gets a good picture of the extent to which it is already working in a value-added-oriented manner. Do the employees currently generate 10% or already 50% added value for the customer?

It should be noted here that this is not about one activity being worth more than another. To illustrate, if the pricing in a store is incorrect or incomplete, it will have a negative effect on customer satisfaction. So accurate price marking is a necessary and valuable activity. However, particularly accurate labeling does not contribute to customers coming to their store because the signage is correct. However, storytelling (e.g., via posters) about interesting products, their special features, or their exciting manufacturers can motivate purchases. This activity in itself is just as valuable as normal price tagging. For some customers, however, it can provide additional value. When assessing the value-added intensity of an activity, it all comes down to the customer's perspective. Honestly looking at it gives a retailer an overview of which activities are likely to add or enhance value for customers.

If a retailer pursues a value-added strategy (he wants to offer the customer more than a saleable market with good prices), he will (also) concentrate more on the value-creating activities in the future. In other words, the share of activities will increase here. This requires the early identification of the competencies that are necessary to implement these activities in a value-added manner. The following excerpt of possible competencies can be used as an impulse for consideration:

Competences for Value-added Activities
- Feel for customer needs
- Assortment competence
- Talent for selling and convincing
- Communication competence
- Creativity
- Enthusiastic creative drive
- Friends of the future

The importance of having the necessary competencies is due to the fact that the success of all approaches to value creation is highly dependent on them.

23.3.2 (In)direct Customer Added Value Through the Use of IT/Technology

There are many ways to use IT and technology in stores today. Many possible uses can help a retailer to create additional added value for its customers. There are two ways in which this added value can be created through the use of IT/technology:

1. **Indirect Customer Added Value**

In retail, there are more and more opportunities to simplify, automate or partially automate tasks through the use of technology and IT. Such use can support the use of the valuable competencies of employees for value-adding activities by creating free space. In order to achieve this effect, it is advisable to focus the use of IT on frequently repeated activities that contribute less to value creation and can also ensure higher quality with the help of technology. Examples of this are (partially) automated scheduling systems, the use of electronic shelf labels and feed systems, etc. In times of a shortage of skilled workers, this thrust of using IT to indirectly increase value creation is particularly helpful. Indirectly, because an electronic label does not yet represent added value for the customer. An added value, on the other hand, is the attractive merchandise display with product information and tasting offer, which was created in the freed-up time that would otherwise have to be used for sticking labels.

2. **Direct Customer Added Value**

If the use of technology creates additional added value for the customer that did not previously exist in this form, one can speak of direct customer added value. An example of this is the offering of self-scanning systems. The customer has the possibility to scan his goods himself while shopping. At the checkout, he simply hands over the scanner and pays the amount displayed. The unpleasant unloading and reloading of the shopping trolley is no longer necessary. The waiting time at the fast checkout is significantly reduced. There is more time and peace for social contact with the checkout staff. It makes sense to push these IT/technology projects that offer direct customer added value when there are fewer starting points or ideas for creating added value by freeing up time.

23.3.3 More Dynamic Space Management

For many offers, services and activities that a retailer implements to increase value creation, he needs space. For the vast majority of retailers, this is not only a scarce commodity, but also an expensive one. For this reason, it makes sense to take a critical look at the use of space. Particularly when value-creating ideas cannot be implemented or can only be implemented with cutbacks due to a lack of space, it is worthwhile to review the use of space.

Questioning Existing Space Management

In many assortment areas, one finds a very static (always the same) space management, which allows little flexibility and hardly any dynamic action. Here, it is worth asking whether the customer's buying behavior is similarly static. This question can be answered by examining sales patterns over time. Is the purchasing behavior in a product line during

WG 3-stellig	Mo	Di	Mi	Do	Fr	Sa	Durchschnitt	Minimalwert	Maximalwert	Spannweite
	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	0,00%
142 Teig- und Backwaren (Selbst…	5,07%	5,47%	5,22%	4,83%	4,20%	4,36%	4,86%	4,20%	5,47%	1,27%
011 Südfrüchte	2,05%	2,43%	1,89%	1,77%	1,75%	1,74%	1,94%	1,74%	2,43%	0,69%
020 Milch und Milcherzeugnisse (…	5,23%	5,06%	5,09%	5,33%	5,51%	5,65%	5,31%	5,06%	5,65%	0,59%
117 Erfrischungsgetränke	4,51%	4,56%	4,67%	4,48%	4,66%	5,03%	4,65%	4,48%	5,03%	0,55%
086 Knabberartikel, Salzgebäck	1,96%	1,96%	2,02%	2,06%	2,47%	2,50%	2,16%	1,96%	2,50%	0,54%
115 Mineral- und Tafelwasser	3,61%	3,41%	3,44%	3,29%	3,09%	3,38%	3,37%	3,09%	3,61%	0,52%
561 Zeitschriften	0,63%	0,65%	1,08%	1,02%	1,10%	0,85%	0,89%	0,63%	1,10%	0,48%
021 Joghurt, Desserts, Frischkäse	9,28%	9,10%	9,25%	9,14%	9,38%	8,92%	9,18%	8,92%	9,38%	0,46%
110 Biere	1,69%	1,81%	1,88%	1,91%	2,01%	2,03%	1,89%	1,69%	2,03%	0,34%
016 Gemüse / Kohl	2,09%	1,96%	1,85%	1,75%	1,81%	1,87%	1,89%	1,75%	2,09%	0,34%
017 Salat	3,29%	3,16%	3,04%	2,96%	3,13%	3,25%	3,14%	2,96%	3,29%	0,34%
050 Suppen, Suppeneinlagen, So…	2,06%	2,09%	1,96%	1,98%	1,82%	1,79%	1,95%	1,79%	2,09%	0,30%
120 Kaffee	1,40%	1,38%	1,35%	1,32%	1,20%	1,10%	1,29%	1,10%	1,40%	0,29%
022 Hart-, Schnitt- und Weichkäs…	3,32%	3,23%	3,30%	3,30%	3,51%	3,49%	3,36%	3,23%	3,51%	0,29%
001 Frischfleisch SB	0,78%	0,90%	0,87%	0,83%	0,90%	1,06%	0,89%	0,78%	1,06%	0,28%

Fig. 23.1 Sales share analysis by days of the week, year 2019

WG 3-stellig	Jan	Feb	Mrz	Apr	Mai	Jun	Jul	Aug
	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%
021 Joghurt, Desserts, Frischkäse	9,77%	9,94%	9,36%	9,18%	9,46%	9,30%	9,43%	9,39%
084 Saisonsüßwaren Ostern	0,01%	0,02%	0,36%	1,79%	0,01%	0,01%	0,01%	0,00%
088 Saisonsüßwaren Weihnachten	0,01%	0,01%	0,01%	0,02%	0,00%	0,00%	0,00%	0,00%
115 Mineral- und Tafelwasser	3,06%	3,16%	3,22%	3,36%	3,39%	4,39%	3,95%	3,83%
117 Erfrischungsgetränke	3,94%	4,40%	4,47%	4,50%	4,64%	5,41%	5,51%	5,47%
039 Tiefkühl Speiseeis	0,40%	0,54%	0,58%	0,84%	0,88%	1,75%	1,54%	1,27%
017 Salat	3,04%	3,04%	3,22%	3,39%	3,32%	3,80%	3,55%	3,26%
010 Zitrusfrüchte	1,50%	1,18%	0,90%	0,61%	0,45%	0,56%	0,44%	0,48%
014 Trauben und Beeren	0,89%	1,02%	1,03%	1,47%	1,58%	1,16%	0,95%	1,03%
048 Backzutaten	0,67%	0,71%	0,74%	0,89%	0,85%	0,71%	0,63%	0,71%
011 Südfrüchte	2,11%	1,88%	2,57%	1,57%	1,70%	1,87%	1,90%	1,68%
110 Biere	1,44%	1,74%	1,71%	1,99%	1,86%	2,41%	2,23%	2,23%
082 Pralinen	0,32%	0,49%	0,44%	0,40%	0,45%	0,27%	0,31%	0,29%
142 Teig- und Backwaren (Selbst…	4,59%	4,75%	4,83%	4,62%	4,85%	4,61%	5,00%	4,80%
013 Steinobst	0,01%	0,01%	0,03%	0,04%	0,16%	0,49%	0,74%	0,80%
081 Schokoladen	2,15%	2,50%	2,34%	2,23%	2,47%	1,87%	2,18%	2,14%
085 Lutscher, Lollies, Lakritzware…	1,52%	1,60%	1,64%	1,42%	1,58%	1,74%	1,73%	1,86%
050 Suppen, Suppeneinlagen, So…	2,20%	2,08%	1,97%	2,07%	2,04%	1,62%	1,52%	1,58%
141 Fertiggerichte, Teilfertiggeric…	0,45%	0,46%	0,46%	0,49%	0,58%	0,99%	0,84%	0,67%

WG 3-stellig	Sep	Okt	Nov	Dez	Durchschnitt	Absatz	Minimalwert	Maximalwert	Spannweite
	100,00%	100,00%	100,00%	100,00%	100,00%	28.913.643	100,00%	100,00%	0,00%
021 Joghurt, Desserts, Frischkäse	9,11%	9,20%	8,82%	7,24%	9,18%	2.649.104	7,24%	9,94%	2,70%
084 Saisonsüßwaren Ostern	0,00%	0,00%	0,01%	0,03%	0,19%	55.076	0,00%	1,79%	1,79%
088 Saisonsüßwaren Weihnachten	0,23%	0,68%	1,60%	1,76%	0,36%	109.516	0,00%	1,76%	1,75%
115 Mineral- und Tafelwasser	3,40%	3,03%	2,90%	2,68%	3,36%	971.669	2,68%	4,39%	1,71%
117 Erfrischungsgetränke	4,75%	4,63%	4,19%	4,32%	4,69%	1.355.731	3,94%	5,51%	1,57%
039 Tiefkühl Speiseeis	0,70%	0,48%	0,45%	0,49%	0,83%	239.808	0,40%	1,75%	1,35%
017 Salat	2,81%	2,88%	2,69%	2,79%	3,15%	910.862	2,69%	3,80%	1,10%
010 Zitrusfrüchte	0,40%	0,69%	1,33%	1,48%	0,84%	242.359	0,40%	1,50%	1,10%
014 Trauben und Beeren	0,98%	1,05%	0,68%	0,55%	1,03%	297.683	0,55%	1,58%	1,02%
048 Backzutaten	0,79%	0,86%	1,46%	1,64%	0,89%	259.450	0,63%	1,64%	1,01%
011 Südfrüchte	1,73%	2,07%	2,06%	1,82%	1,91%	553.294	1,57%	2,57%	1,00%
110 Biere	2,03%	1,74%	1,83%	1,63%	1,90%	550.636	1,44%	2,41%	0,97%
082 Pralinen	0,45%	0,51%	0,54%	1,13%	0,47%	136.244	0,27%	1,13%	0,86%
142 Teig- und Backwaren (Selbst…	5,17%	4,97%	4,91%	4,38%	4,79%	1.383.656	4,38%	5,17%	0,80%
013 Steinobst	0,48%	0,04%	0,01%	0,01%	0,24%	68.013	0,01%	0,80%	0,79%
081 Schokoladen	2,61%	2,50%	2,48%	2,25%	2,31%	666.815	1,87%	2,61%	0,74%
085 Lutscher, Lollies, Lakritzware…	1,86%	1,71%	1,82%	1,16%	1,64%	471.951	1,16%	1,86%	0,71%
050 Suppen, Suppeneinlagen, So…	1,94%	1,99%	2,03%	2,12%	1,93%	557.693	1,52%	2,20%	0,68%
141 Fertiggerichte, Teilfertiggeric…	0,43%	0,40%	0,35%	0,32%	0,54%	155.273	0,32%	0,99%	0,67%

Fig. 23.2 Sales share analysis at the monthly level, year 2019

a year, a shopping week or a day of the week rather constant or very different? It makes sense to focus this analysis on the development of the sales shares of an assortment so that the general purchasing development does not "distort" the analysis of an individual assortment area. Within a week, for example, Saturday as a shopping day is 2–3 times as strong as Monday. This is taken into account in a share analysis (Figs. 23.1 and 23.2).

The concrete actions that can be derived from such an analysis depend on the current possibilities and assessments of each retailer. Basically, however, there are two directions: dynamization to strengthen the strong sales periods or dynamization to optimize the area of the weak sales periods.

Examples

- **Example snack food:** If a retailer's assessment is that its current space management is not oriented towards the significantly stronger weekend sales, the space should be strengthened at the weekend, e.g., through secondary placements or special set-ups.
- For **example, water:** If a retailer believes that its current space placement is oriented towards the strong summer months, it should consider how the space can be presented in a more condensed manner during the weaker months. This can be done, for example, by placing low-turnover reusable varieties on the shelves instead of stacking them or reducing the number of drinks refrigerators.

This analysis and approach offers the opportunity to systematically adapt space management even more to customer behavior. Assortments or articles that have a high customer relevance over a certain period of time can be presented more optimally or attractively through this more dynamic form of space management.

During implementation, it is advisable to consider the easiest possible handling on the sales floor. Therefore, flexible presentation areas are recommended in every larger merchandise area. For smaller assortment areas (1–2 rows of shelves) or smaller stores, a gondola head (full or half), which is located directly to the customer run, is suitable as a flexible area. In larger assortment areas (>2 shelf rows) it is recommended to shorten the middle shelf row in order to create an even larger area for the dynamic presentation of goods on the indented free space. With these pragmatic approaches, relevant products or themes of this product area (e.g., seasonal or regional products, bestsellers, new products, sustainable products, etc.) can be alternately placed and communicated in secondary placement.

The coherence with the main assortment is maintained. Relevant products are thus placed close to the customer's path and contribute to increasing the attention of the assortment area – without disturbing the usual assortment placement (Fig. 23.3).

23.3.4 Action-Led, Proactive Controlling

In a supermarket, well over 10,000 items are often traded at the same time. Purchasing behavior is also subject to fluctuations that vary in intensity depending on the assortment. This contributes to a high level of complexity.

In order to be able to act as effectively as possible in such an environment, the support of value-added-oriented controlling is necessary. The retailer not only receives an aggregated overview of past actions, but also derivations for effective future actions. For this purpose, controlling must be oriented to the questions of the people acting on the sales floor and answer them as concretely and quickly as possible.

"What information do you need to use it to improve this specific action?"
This question serves to elicit action-relevant information needs. The need for information varies depending on the retailer and its focus. When it comes to the type of information required, experience shows that the phrase "retail is detail" proves to be true. For controlling, this means that very specific, article-related information is often of interest. In addition, experience shows that suitable data material is usually already available in the company to be able to answer most of the questions. The resulting task is therefore the action-oriented preparation of the already existing data and not necessarily the collection or acquisition of new data. Figures 23.4 and 23.5 show two examples of implementation for the following questions:

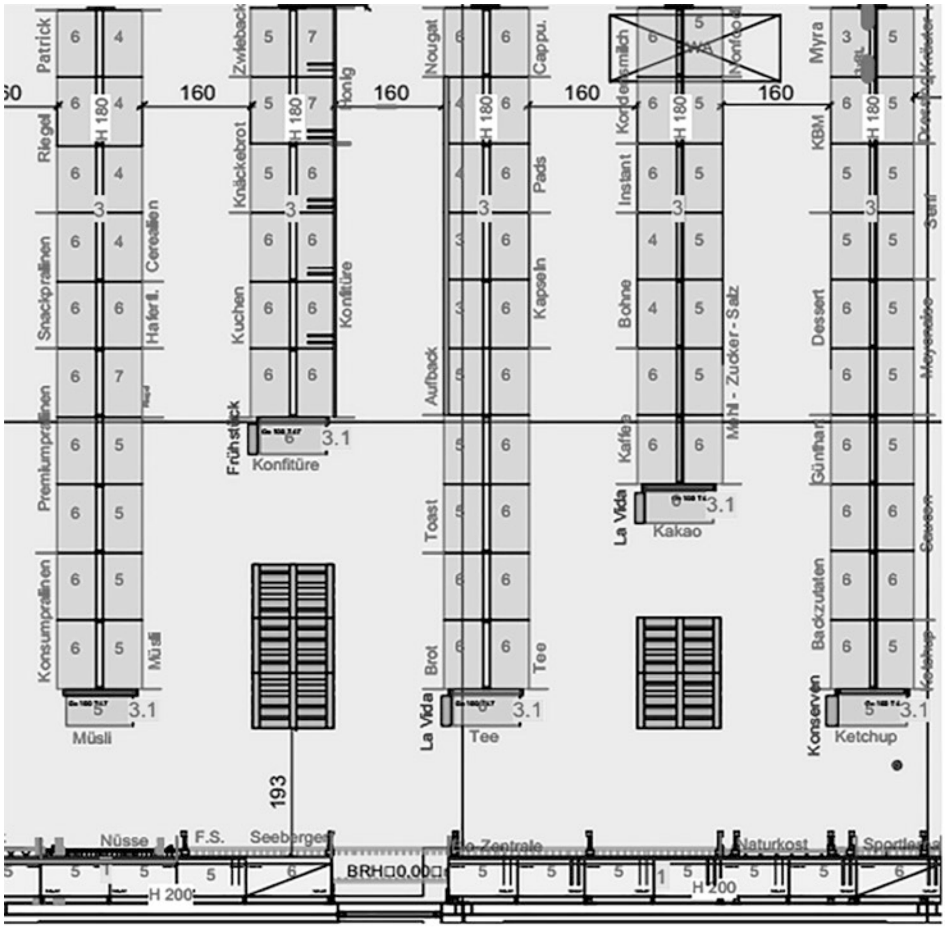

Fig. 23.3 Indented shelf placement on the main aisle

Artikel mit positivem Absatztrend						
Artikel		Absatz Verlauf	Schnitt-Absatz letzter KW 7	Entw. % Schnitt	Markt-Absatz letzter KW 7	Entw. % Markt
		44	107.838	101%	116.020	99%
00177957	Harry Hot Dogs 250g		12	419%	16	1.400%
00096087	Pizza Snack Margharita 132g		24	179%	5	433%
00294120	G&G Rosinenstuten 400g		18	207%	19	207%
01035474	Tom. Rispen Bio 500g		22	151%	30	118%
08019992	Schulte Hausgebackenes 400g		14	176%	19	358%
11306432	Fl Paderborner 0,5l		39	129%	1	-
05779172	Nutella 750g		42	124%	50	135%
08533375	Haribo Mini-Bt. Goldbären 250g		16	156%	18	106%
00040465	G&G Hot Dog Rolls 250g		34	122%	50	84%
11700324	G&G Apfelschorle Pet 6x0,5l		43	118%	44	129%

Fig. 23.4 Trend analysis at item level

Artikel mit Absatzchancen

Artikel		Absatz in Vgl.-Gruppe	Absatz in Markt	Absatzpotential in Markt	Umsatz-potential in Markt	Umsatz Verlauf
						10
06262745	Meica Deutschländer 6/660g	48	31	+ 17	38 €	
00039835	G&G Sandwich-Toast Weizen 7...	240	205	+ 35	31 €	
00055431	Nutella 450g+50g	10	0	+ 10	28 €	
13397519	G.a.B. Weissbrot 750g	37	14	+ 24	21 €	
00242641	Stratmann Rapshonig 500g	3	0	+ 3	20 €	
06500423	Saupiquet Thunfisch natur 185g	8	1	+ 7	18 €	
05312524	Hom.Zigeuner-Sauce 500ml	39	21	+ 18	17 €	
00225920	Surig Essig Essenz hell 25% PE...	34	16	+ 17	17 €	
04883665	G&G Haselnußkerne gemahlen...	22	12	+ 10	15 €	
00318053	EDEKA Brioche Hot Dog Buns...	8	0	+ 8	15 €	

Fig. 23.5 Comparison group analysis at item level

- “Which items are consistently performing positively in sales over the past few weeks?” (Fig. 23.4)
- “Which items are running significantly stronger in comparable markets than they are in our market?” (Fig. 23.5)

Figures 23.4 and 23.5 show two examples of implementation:

Both are examples of how data from the near past has been used to provide item-by-item guidance for future planning with intelligent queries. This information can be used for the next steps of customer centricity: Through creativity and experience of the retailer, practical measures are implemented: Item listing, placement improvement, disposition review, etc.

Especially in a trading environment that is often characterized by the acronym VUCA (Volatility, Uncertainty, Complexity, Ambiguity), action-supporting, proactive controlling is gaining in importance. It shows the customer needs faster, easier and more accurately, so that the retailer can react immediately. It is therefore clearly recommended to supplement (not replace) the existing descriptive controlling systems with proactive elements.

23.4 In Conclusion

In summary, there are four key customer needs that are better met by brick-and-mortar retail than by online retail:

- Shopping with all senses,
- The tangibility and staging of relevant products,
- Social and personal contact, and
- The immediate availability and usability of the products.

In order to further expand these added values in the markets, it is worthwhile for the retailer to pursue a customer-centric added value strategy. Four approaches have proven successful in practice:

- In the first approach, the value-creating activities of the employees are determined and an attempt is made to successively increase this proportion. The second approach is suitable for the practical implementation of the first approach.
- The indirect use of IT and technology frees up employee resources, which in turn can be used to create added value. In addition, IT and technology can also be used directly to increase customer satisfaction, e.g., to reduce waiting times at checkouts through independent scanning.
- The third approach is dynamic space management to further optimise the range of products and services in line with customer requirements.
- The fourth approach is action-guiding and proactive controlling. With appropriate questions and corresponding algorithms, actions can be derived directly from mostly already existing data.

All in all, the analyses presented provide precisely the decision-making aids needed to sustainably increase customer added value in all areas.

Christoph Oriet has in-depth expertise in store design and store planning in the retail sector. This is based on over 30 years of experience in Swiss food retailing (Coop and Migros) – including as Head of Total Store at Migros Genossenschaftsbund in Zurich. He is Chairman of the Board of Directors at Storeconcept in Härkingen, a Swiss shop fitter with a holistic service offering from a single source. Christoph Oriet is also the owner of ORC Consulting GmbH.

Learning Journey to Optimise the Sales Floor: How to Use Our Understanding of Customer Behaviour

24

Jan Hillesland

Abstract

We still generate the largest retail sales not online, but on site. For this reason, it is advisable to invest specifically in the further development of stationary trade. This chapter shows how to respond to the needs of customers as well as how to achieve higher sales and profits. After all, despite cost pressures, there are good and proven methods for incorporating actual customer behavior into the optimization of store and shelf space. How does the space affect people and how do we behave in it – consciously and unconsciously? With the help of in-store tracking, the sales floor can be used as a test studio and hypotheses can be tested directly and unbiased. The following findings are based on the results of eye-tracking studies and video analyses. To give just one example: Customers perceive only 1% of the products in the store. Which factors play a role in this?

24.1 Introduction

Life is increasingly taking place online. This is also reflected in the current visitor figures of stationary trade. According to Crosscan, the decline in visitor frequency in Germany compared to the previous year is about 3% (Crosscan 2020). Although this development is regularly addressed, it is hardly tackled. Stationary stores were even increasingly neglected. The well-being of the customer was only the focus in selected concept and flagship stores.

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The vast majority of brick-and-mortar retail was not more focused on the needs of the customer. This in turn set in motion a downward spiral and local customers migrated further and further to digital marketplaces.

In the online channel, sales in the fashion sector in Germany grew by 8.1%, while offline sales fell by 3.1% (HDE 2019). The following example will illustrate this once again: A company with several stores lost 15% of its walk-in customers within 1 year. As a result, sales also plummeted by 10%. Despite these worrying figures, the entrepreneur did not initiate any corresponding changes. The business model was not reconsidered further, the decision was made to wait and see. However, the problem did not resolve itself and the company had to file for bankruptcy.

This fate can be avoided by putting the customer and his or her wishes back at the center of things – even in local retail. We assume that 70–80% of sales figures and turnover in offline retail will be maintained over the next decades. For this reason, it is also advisable to invest 70–80% of one's resources in the development of the space and the promotion of employees.

In this paper, we would like to address how in-store analytics can be used to find an agile way to quickly and effectively invest in store, category and shelf design without losing sight of the overall artwork. In addition to the insights that come from analyzing customer data, we also look at the fundamental realities of human shopping behavior in this chapter.

24.2 Our Approach

24.2.1 In-store Tracking as in Online Retailing

Today it is possible to measure customer movement automatically. We see where customers go, how long they stay in front of a shelf, what they take from the shelf and what they finally buy. We also see what they refrain from doing and which areas they don't even enter. Here, a longer dwell time represents a larger shopping cart. On average, a 1% longer dwell time means 1% more sales. Depending on the industry, product value and store concept, this ratio can be considerably higher.

We therefore recommend that you make use of your own shop and test it (Fig. 24.1). Shop owners have the best test laboratory imaginable at their disposal. With the appropriate technology for anonymous analysis of video data, it is possible to continually create and test new hypotheses. In this way, A/B testing can be transferred from the online world to the field. You digitally observe the changed customer behavior of variants A and B and subsequently decide which one should be implemented. This can be done either consecutively in one store or simultaneously in stores with the same structure. Instead of click-through rates and page views, customer flow and in-store conversation rates are measured. The availability of data in real time is also increasingly reminiscent of the digital world. The programs as SaaS (Software as a Service) access the already existing cameras of the video surveillance systems and can be installed via remote maintenance. In the process, the videos do not leave the branches, so that the procedure does not experience any restriction with regard to the DSGVO regulation.

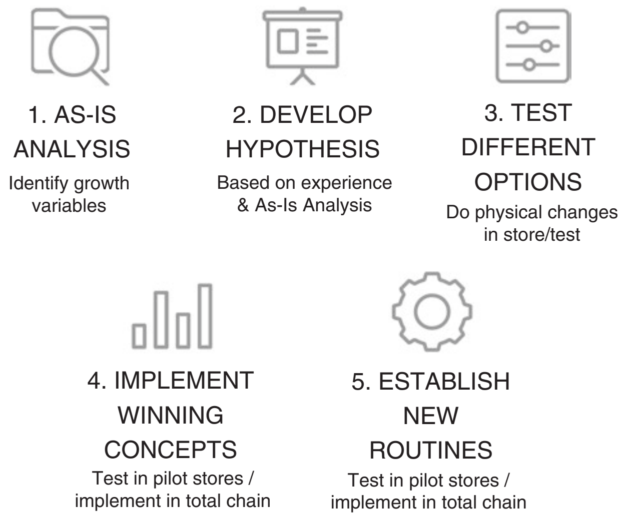

Fig. 24.1 Overview of the test procedure

24.2.2 Accompanying Transformation Processes

Through in-store analysis, the retail trade gains momentum not only in detail, but also holistically. A step-by-step improvement of individual stores can thus successively influence the overall image of the retail brand. In other words, it pays to be open to iterative change processes.

A transformation of the store concept or the overall business model can benefit from the in-store analysis at several points. Pain points are identified right at the beginning based on the in-store analyses. Ideally, these findings are incorporated into the overall design together with other data such as POS checkout systems or employee surveys. Subsequently, piloting takes place and the in-store analysis is used again. Customer behavior is made visible quickly and economically.

We no longer have to spend time testing hypotheses in sterile laboratory environments to obtain reasonably valid results. It is even possible to conduct complex studies in the real environment and draw appropriate conclusions at relatively short intervals. As a rule, the system is installed once and is available to store managers throughout.

24.3 What Do Shoppers Perceive in the Store?

24.3.1 Observation of the Buyer, Not the Consumer

In the following sections, we will look at the basic human behaviors that we can make visible with the help of in-store analytics. Before that, however, one thing needs to be clarified: Who are we actually observing? Often, the customer and the consumer are the same person. This means that the person who buys the product also uses it afterwards. So there is a more intense brand connection. For example, you buy some new jeans and pick them from a brand you like. But it could also be that the pants are for the son. That's an important distinction – in the store, it's the buyer, not the consumer, who needs to be convinced. That's why we dedicate ourselves exclusively to the buyer and store customer.

First of all it is about the perceived space, the unconscious processes and impulse actions, the information processing and the perception via the eye.

24.3.2 The Room: Too Many Articles Disturb the Spatial Well-being

The majority of stores are perceived by their customers as too cramped. This unconsciously creates a bad shopping atmosphere: the customer has too little air to breathe, he feels cramped by the shelves that are too high, too many objects block his way and the lighting looks bad. On the heat maps with the walking paths of the customers, it can be seen directly which areas are not even entered due to spatial conditions. Invisible barriers and obstacles become visible, which disturb the customer's sense of well-being. Most people already perceive a passage of 80 cm as relatively narrow. In addition, people want to maintain a personal distance from other shop visitors. To a certain extent, this perception is culturally determined. While the intimacy limit for a Northern European is about 70 cm, for an American it is more than 1 m. An Italian, on the other hand, has an average intimacy limit of 30 cm. In the following overview, the respective distance to the next person is once again described in detail.

- **Intimate Zone: 15–40 cm:** This zone is reserved for our dearest and most trusted people. When other people get too close to us, it is perceived either as a threat or as sexual interest.
- **Personal zone: 50–120 cm:** This zone is reserved for family, friends and colleagues with whom we have a relationship, whom we like and who do not mind that we in turn are close to them.
- **Social zone: 1.20–3.60 m:** This zone is intended for strangers with whom we may – or may not – be in contact.
- **Public zone: from 3.60 m:** This zone is appropriate when we want to talk to a large audience – or just be around people without interacting with them.

Since disregarding intimate and personal zones can lead to internal and external defensiveness, it's almost always a good idea to plan a larger shopping space than you think is necessary. Exaggerate for a better sense of space and give shoppers the room they want. If you also want to go a step further, you should also cater to the individual needs of each shopper. For example, not only do you need enough space for shoppers to walk right past each other, but you also need enough room for strollers and wheelchairs. A wheelchair user, for example, may not be able to reach properly into closed freezers, even if the height seems suitable at first.

We determined the optimum width of the aisles for a retail chain. First we tested the widths 1.8 m, 2.0 m and 2.2 m. Subsequently, the width was set to 2.0 m, as this gave the best results. Afterwards the categories, the placement in the room and the division in the shelves can be determined and optimized. In favour of the well-being and the corresponding shopping basket, a more extensive assortment was dispensed with (Fig. 24.2).

24.3.3 The Impulse: Unconsciousness Controls our Purchase

Of course, one would prefer to predict what the customer will buy next based on the newly acquired data. But we have to realize again and again that this will hardly be possible in the future. Because people themselves do not know what they will buy next. The intention before visiting the store and the actual behavior show clear contradictions. For example, a study on purchasing behavior revealed that customers reported that they usually eat fish. Yet minced meat, pasta, chicken, sausages and pizza were at the top of the shopping list.

Among other things, this has to do with the fact that we don't even notice the basis on which we make our own retail decisions, as Gerald Zaltman also describes: "What we really think remains largely hidden from us. In other words, of most of what we know, we don't know that we know it. Most likely, 95% of our cognitive faculty – all the thoughts that drive our decisions and behavior – are unconscious. This includes consumer behavior. Therefore, the 5% that we are aware of is not unimportant, but [we] overestimate its importance because it is so visible and accessible." (Zaltman 2002).

Even on the surface, almost all cognitive activities occur unconsciously. In addition, many everyday activities are only done on autopilot. Afterwards, one can hardly remember the details; such as after a drive home while thinking about something else. At the same time, even while shopping, more and more is happening on the side. According to a 2017 study, 95% of American Millennials are engaged in a variety of other things while they shop (smarter HQ 2017). Two-thirds even report watching videos on the side. This constant sensory overload makes it even harder to focus on just one thing. Or have you ever tried reading the following sentence at the same time as this one? Figuratively speaking, this means you can't focus on two or three products at once when you're shopping. But that doesn't mean the brain isn't working constantly. A quarter of human energy is consumed by the brain itself while awake. The brain is busy in many ways, but the consciousness can only focus on one thing at a time. Multitasking is therefore not in our nature. That's why countless processes run in the subconscious that decide which stimuli are consciously perceived and which are not.

This is where atmosphere comes into play. A person cannot consciously perceive anything without also taking into account the respective environment. A coffee in the lifestyle segment is worth significantly more than in the area of goods for everyday use, even if it is the same coffee. Thus, during the shopping situation, we are exposed to a flood of information designed to influence our classification of products. And even if we are curious by nature, hundreds of signals are not processed at any moment. The amount of information that is actually processed is correspondingly small. That's why the majority of purchases are made impulsively, even if the shopper has thought carefully in advance about which

Fig. 24.2 How much space does the customer need? After some sales areas were removed, the number of visitors and turnover increased

products he or she wants to buy. Studies have shown that 60% of those who actually wanted to save money when shopping have nevertheless impulsively bought one or the other product.

In summary, it can be said that purchasing is controlled by a multitude of unconscious cognitive processes, which in turn are influenced by the respective environment and secondary activities. That is why it is important not only to query the customer's behavior, but also to make it directly measurable. With the help of the customer journey in the stores and the awareness of the radiance of the various stimuli, at least individual patterns of human behavior can be made tangible. In this way, walkways can be optimized and environmental stimuli can be designed more holistically.

24.3.4 Human Filter: Not every Piece of Information Arrives at Once

As we have seen, a large number of stimuli and information cannot be processed at all. But also which information gains which access to consciousness depends on many factors. They are subject to further perceptual filters that block access to consciousness. Among the most important factors are one's own interests, the mood one is in or the current activity one is engaged in, for example the search for a birthday present.

To illustrate the salience of certain information, we conducted a study of 50 people who read newspapers that day. We were less interested in how many newspaper advertisements the participants could remember, but rather which ones and why. It turned out that there was a correlation between the ads remembered and personal interests. Those who had planned gardening activities were more aware of ads for a fertilizer than those for whom the fertilizer was just not an issue. This is because the brain is better able to store and process information that can be linked to known information.

This perceptual filter involves internal factors that make information processing dependent on personal cognitive connections. However, we must also take into account the numerous factors that affect us independently of the predefined links and their personal interests.

The reaction to physiological stimuli, such as colors, is intuitive and cannot be further controlled. If a boy is the only one in a crowd wearing a bright red shirt and yellow pants, he is immediately visible to everyone else. On the one hand, this is due to the unique selling point. On the other hand, colors are light waves of different lengths and long light waves catch our eyes much faster than short ones. Since red and yellow are made up of long light waves, the eye sees these colors much faster than other colors. The boy stands out immediately. If the boy were wearing gray pants and a dark blue sweater, he would hardly be noticed.

When it comes to in-store optimization, it is accordingly extremely important to select and use the right colors. Colors trigger different emotional reactions and thus affect the shopper in different ways. For example, yellow is an optimistic and youthful color that is often used to attract attention. Red raises the heart rate and creates a sense of distress – this is helpful for offers. Blue creates security and credibility and allows customers to trust the sender. Green is the color that is easiest for the eye to receive. Green is a color of relaxation. Take a look at the various brand logos; again, the colors – ideally – match what the brand wants to express (The Logo Company 2020).

But there are many other external factors that influence brand perception and ultimately the purchase decision: Heat, cold, bright light, darkness, colours, smells, silence, noise, movement and, last but not least, norms and social rules that structure how we live together. When you put all the physiological stimuli together, they create a feeling for the place you are in right now: How does the store feel? How does one feel oneself in the store?

In the next section, let's focus once again on what customers actually perceive in the store – and with their eyes.

24.3.5 The Eye: We See Less Than One Percent of the Products

Retailers and manufacturers often deal with the question of how to attract the attention of the buyer. Eye-tracking studies can be used to track gazes through the market (Fig. 24.3). An ordinary-looking pair of glasses with two built-in cameras records the essence. The first camera films the eye and the movements of the pupil. The second camera captures the image targeted by the eye. Retail Academics' eye-tracking studies found that grocery shoppers in Sweden actually see, on average, only 0.3% of all products in the store. Our own studies in the fashion industry and home improvement retail also confirm the low perception of products. It was around 1%. This is a good illustration of how much goes by unnoticed.

In addition, we measure exactly where a product is taken and purchased. At most retailers we work with, 1–2% of the space accounts for 20–30% of sales. At large stores with several thousand square feet, 50–70 items account for about a quarter of total sales. As few

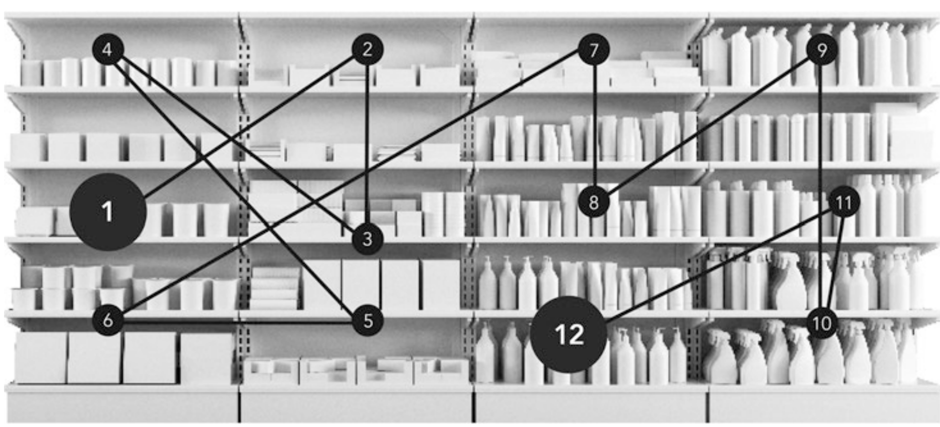

Fig. 24.3 The eyes move quickly in space and only focus on individual products correctly

as 10–15 such items – gondola heads and pallet locations, for example – usually account for about 10% of total sales. We recommend placing the best products exactly there.

But what effect do normal shelf surfaces have? Here, only about 5% of the products are noticed at all. In addition, there are shelves that are not even visited. On average, only 10% of these seen products are bought. So with 200 products, ten products are seen and 190 are not, one product is bought and 199 are not.

This shows how irrelevant a large number of products are to the buyer at a given time. This does not mean, however, that he will not return to exactly these products the next time he shops or would be disappointed if he could no longer find this product here. Considering the basic orientation in the store, it is accordingly important to minimize the ratio between product search and product view. For example, a person looking at a particular product may spend 80% of the time looking for the product. Only in the remaining 20% is she in front of the right shelf and able to focus on the product details. The product search can be perceived as a pleasant pastime for some products – the right sneakers – and as very annoying for other products – a pack of toilet paper.

But important conclusions can also be drawn from what is seen but not bought. In order to further highlight regional foods or make healthier foods easier to find, for example, the recordings of eye movements are used. The manufacturer or store owner learns which information is read on the back of the package, where additional information is searched for and which stimuli in the immediate vicinity have an influence on the eye movement. From this, customer-centric placements can be created that provide the store visitor with exactly the right information for better orientation. We also use eye tracking specifically for shelf optimization. We can measure what a person sees at intervals of two-tenths of a second. This gives us answers to the following questions:

- Which products does the buyer watch and in what order?
- How many products does the buyer see (number)?
- What proportion of all products on the shelf does the shopper see?
- What proportion of perceived products do customers buy?

We could basically extract the following insights from our studies: If customers perceive only one thing, it is usually the price. About 80–90% of buyers at least look at the price of a product. This happens quickly and automatically. Customers first look at the product, then their eyes intuitively move to the price tag before moving on again, either to a new product or back to the one they just looked at. A purchase decision is then made.

In addition, we use POS data that we link to product positioning in the store. This allows us to visualize in real time which products are purchased and how often. With this knowledge, shelves and placements are further optimized. Manufacturers, in turn, adjust their packaging and product descriptions.

24.3.6 The Stimuli: Digital Displays

In keeping with the perception of product information, we also shed light on the benefits of new communication technologies with digital tracking measures. Looking at the development of the last few years, we can be pretty sure that technical store components will play an increasingly important role. Examples include Bloomingdale's Clothing To-Go window, Rebecca Minkoff's interactive fitting rooms, and Samsung's virtual fitting rooms.

Looking at the store as a marketing tool and not just a sales platform, it helps to follow the following rule to increase sales and profitability and not overwhelm the customer. A clever combination of established and new elements is crucial for success. The implementation of the entrance area, the main loop and the checkout area should be designed in such a way that customers can recognize both the familiar and the new in it.

Digital screens, for example, can contribute to new impulses. Advantages for the retailer are obvious: They reduce poster printing and are thus more environmentally friendly and allow flexible content design. An ad can be conveniently customized. In addition, the retailer can use them to demonstrate his technical edge. However, it is crucial that the digital ads fit the store concept and can convey the values as well as the value proposition of the respective retail brand. But do they also achieve the same effect as conventional poster materials?

For example, we know that traditional marketing materials can also have a corresponding effect in terms of visibility and sales. With conventional improvements in placement, design and visibility, attention was increased by 37% in one of our analog advertising case studies. In addition, before the adjustment, 18% of customers did not notice any poster materials in the store – afterward, only 2% did. This means that you should check whether an adaptation to newer technologies makes sense at all.

24.4 Case Study: From Paper to Screen

If regular posters work well, why would you use a screen? Having previously looked at the store manager's view, here's a look at the company-wide benefits: With a digital option, you can update content at any time without having to produce posters to distribute. On-screen content can be customized for different times of day and specific customer segments. Large retail brands can distribute and manage their content centrally. They can also ensure the implementation of their respective company-wide messages. For example, we know from our experience that around 80% of paper activities – such as posters or flyers – arrive too late at the store and that 25–50% of all activities are not carried out according to instructions. Head offices will appreciate accordingly to reduce these percentages to zero. Digital posters on a screen therefore offer many advantages.

Our client, a large retailer, wanted to increase sales of advertising and consumer products by using the screens instead of the traditional billboard solution. However, the installation requires a significant investment. For this reason, we were asked for advice: should they make this investment or continue with regular billposting?

In order to be able to answer this question, we proposed a test run – directly on our own storefronts. The following hypotheses were made:

- The customer reacts positively to the innovation.
- The products can be sold better via the screens than without advertising.
- The products can be sold better via the screens than via conventional posters.

We used two different comparisons: First, we compared the test stores with a display to the test stores with a billboard. Secondly, we compared all test stores with a display to all other stores. In the test stores, reference stores and the other stores, the current results were compared with the same period in the previous year.

The study aimed to get clear answers on the impact of using a screen compared to traditional material. Since the best possible test results required a certain sales volume, we decided to conduct the test on one of the best in-store sales areas. Our sample consisted of eight stores spread across three regions. All stores can be considered representative of the entire store network. The study lasted a total of 7 weeks.

When conducting in-store studies, it is important that effects can be isolated. For this reason, not too much should be changed at once. Therefore, location, size and exposed products were similar in all stores. Only the method of advertising differed – screen versus poster.

The result: The share of the defined test items in total sales was significantly higher in the stores with screens than in the stores with traditional posters and higher than in the rest of the stores. The category we selected was responsible for 10% of total sales in the stores. A remarkable development took place in the stores that were equipped with a screen: They performed 48% points better than the rest of the stores and 19% points better than the stores with billboards.

Figure 24.4 shows an example of how a supermarket can use screens instead of a poster for price and product information. In this way, this retailer can change messages as often as he wants. This makes stationary retail communication more dynamic, relevant and eye-catching for the shopper. Another advantage is that the content is controlled centrally, which means less work for the store and the employees. You also save on paper and printing costs. We have done some studies on this and it shows that sales increase significantly compared to normal posters. But what happens if the test result is not so positive?

24.5 The Challenge of Openness to Results

In theory, hypothesis testing is clear and manageable – depending on the test result, the hypothesis is confirmed or falsified. In real life, openness to results is one of the biggest tests for our clients. What store manager or executive would want to admit that the pilot did not produce the desired results and that the concept developed did not deliver the desired added value? But that's exactly why we do these tests. It is not clear in advance

Fig. 24.4 Which works better? The poster or the screen?

whether the new idea will be successful. It is also possible that a well thought-out and visionary store concept will not lead to a change in customer behavior.

It is precisely in these moments that it is important to acknowledge the openness of the result. For many of our customers, it may be disappointing that the lengthy planning work and sometimes extensive realization had apparently been in vain. But on the other hand, it must also be acknowledged that without these tests, a lot of energy would have been invested in the conversion of many more branches without generating a corresponding return. So it's not just a matter of confirming a new concept, but also confirming previous decisions – which were also well thought out. Moreover, by keeping the previous option, the investment in the new technology can be avoided. Of course, further test runs can also be carried out if there are certain variants that eliminate previous disadvantages of newer solutions. With this iterative process, we gradually provide the basis for sometimes far-reaching decisions.

In the end, compromise solutions prevail – solutions that are not completely in line with the available findings, but where the internal project manager can still save face. Or a concept has to be thought smaller because the changes would have been too far-reaching. We have learned over time that halfway good compromises are better than no changes at all. The first and most important step is getting started. When our clients find that the measures work, the learning process begins and further implementations follow. In the end, it is the customers who benefit most.

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Jan Hillesland has more than 25 years of experience in international commercial business. He was Commercial Director at Coca-Cola in Poland and for Carlsberg in Asia, Germany, Norway and Denmark. From 2006 to 2009, Jan Hillesland was also Vice President at Carlsberg, responsible for global marketing, sales and innovation. Since 2009, he has been CEO of Link Analytix Global, a service provider for customer behavior research in brick-and-mortar retail. Link Analytix provides the technical capabilities to record and present walking and buying behavior on the floor and embed it into strategic and operational store management. Jan Hillesland is also the author of several specialist books and a regular speaker at European retail conferences.

25 Brand-Adequate Implementation of Plant Tours: An Approach to Analyse the Opportunities and Risks of Multisensual Brand Communication Using the Example of the BMW Plant in Leipzig

Evelyn Kästner

Abstract

With the plant tour, companies get a form of experiential communication at hand that can convey the brand values of the company. Plant tours are permanently designed for personal, direct and interactive encounters with the target group and can have an enormous effect if played out correctly. However, since production can only be designed to suit the brand to a limited extent, everything else that can be seen, tasted, felt and experienced during a guided tour must be optimally adapted to the various senses and the brand values to be conveyed. In cooperation with the BMW plant in Leipzig, a practical approach for analysing the brand adequacy and multi-sensuality of plant tours was developed. It is the basis of a process plan that can serve as a guide for companies with plant tours to take the right steps towards successful implementation.

25.1 Background

Brands have become an integral part of economic and social activity. In the form of "walk-in brands," consumers are increasingly encountering them in three dimensions. Many companies are therefore beginning to give plant and factory tours a new status. With their help, products, brands and corporate management ideas can be communicated stringently and precisely to a

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wide variety of stakeholders in the company's own production facilities or in its own museum – as long as they are planned appropriately for the brand and carried out correctly.

The public appeal of plant and factory tours to bring customers and stakeholders into contact with the brand and the company appears increasingly undisputed. Nevertheless, the effect of such tours as a communication instrument continues to be underestimated and, moreover, is usually not verified. Yet it is precisely this type of "live communication" that leads to very strong associations and memories by appealing to all the senses in an emotionally configurable environment. Here, not only is the potential for impact often wasted, but even unintentional associations are created that do not conform to the brand identity.

This article shows which opportunities and risks can arise from a plant tour for brand management. For this purpose, plant tours are first presented as an event instrument in retail and classified as a communication instrument of so-called live communication. Subsequently, we present an analysis which recorded the offered plant tour multisensually at the BMW plant in Leipzig and checked it for brand adequacy. Finally, we derive from the results a process plan for retailers who want to make their plants, production facilities and operations accessible to the public and ensure that this is done in the spirit of the brand.

25.2 Plant Tours in the Retail Sector

Shopping experience, experience shopping, concept stores: The concept of multisensuality has long since arrived in stationary retail (cf. o. A. 2017, p. 4; Müller 2012). Young, fresh brands in particular are focusing on event shopping and creating brand worlds instead of shopping stores – worlds of experience in which the success factors and trends of retail can be optimally combined with innovative concepts of architecture and store design. The aim is not simply to present products and brands for sale, but to convey them to the target group as a holistic experience using all the senses.

The background to this is the increasing experience orientation of the audience. For example, the proportion of Germans who attach great importance to experiences, adventure and excitement in life has been rising steadily for years – among Germans over the age of 14 to around 60% in 2019 (cf. AWA 2019, p. 8). This need for emotionalisation and eventisation in everyday life means that more and more companies are also focusing on customer events (of whatever kind): The budget share of marketing activities has been steadily increasing for events and functions for years (cf. Alroy 2019, p. 5; FAMAB 2018, p. 6).

Retail brands must also try to "satisfy the hunger for experience" (Kroeber-Riel and Gröppel-Klein 2019, p. 136) by triggering authentic experiences or inventing worlds of experience for their customers (cf. Kroeber-Riel and Gröppel-Klein 2019, p. 136). It is therefore not surprising that companies with production facilities are increasingly opening their doors to areas that were not visible to outsiders two decades ago: Plants are proudly presented because the customer expects it that way. Large companies such as BMW, Hamburger Hafen or Hachez even outsource their plant tours so that they are professionally organised and run smoothly.

A simple Google search for the keyword "Betriebsbesichtigung" (factory tour) returns 788,000 results, "Unternehmensbesichtigung" (company tour) another incredible 23,500,000 and "Werksführung" (plant tour) another 1,300,000 hits – insights into production sites are very much in vogue. But are production sites really suitable for emotional customer contact? Does the insight into production processes bring a similar emotional benefit as is undoubtedly the case with well-designed concept stores or customer events? What happens to the brand when, naively and with the best will in the world, insights are granted that are actually not brand-adequate?

Before we approach these questions, plant tours should first be defined and classified as a communication instrument – in fact, there are hardly any hits when searching for "Werksbesichtigung als Kommunikationsinstrument" (plant tour as communication instrument).

25.3 Theoretical Classification

25.3.1 Classification of Plant Tours as an Instrument of Live Communication

Only a few scientific works deal with plant tours. Methner (2013), for example, classifies plant tours as an experience-oriented sales tool of the automotive trade, which develop a special appeal by inspiring the end customer for the company and ultimately anchoring positive attitudes (Methner 2013, p. 58). In addition to integrating plant tours when a customer picks up an ordered new car from the factory, tours can also be part of Brand Parks or Brand Lands. They fit seamlessly into the worlds of experience created with exhibitions, museums, leisure or theme parks around the brand and its products.

The objective of the automobile manufacturers here is to establish direct contact with the customer and to build up emotional closeness to the customer less through information and more through entertaining experiences around the automobile (cf. Methner 2013, p. 29).

This definitional classification of plant tours as a component of Brand Lands will also be followed here (cf. Figure 25.1), whereby plant tours and plant visits will be used synonymously in the following.

> Compared to other instruments of live communication such as trade fairs, events or road shows, plant tours are permanent and platform-based instruments for personal, direct and interactive encounters between the target group and a company and its brands.

Plant tours offer a number of advantages over other communication tools:

- Thanks to the possibility of flexible tours, they enable a stringent and targeted communication of products, brands and company management ideas to a wide variety of target groups.

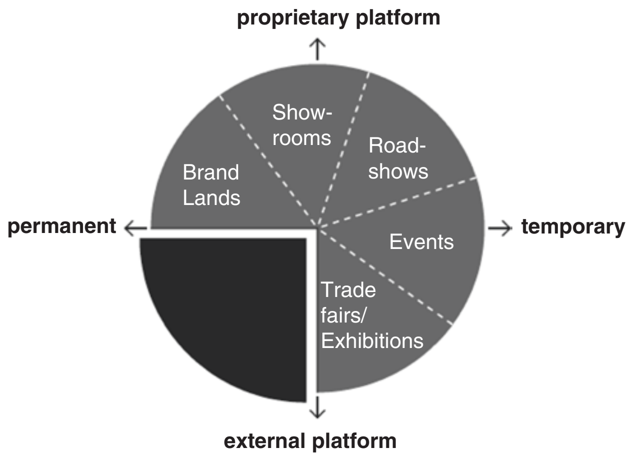

Fig. 25.1 Plant tours can be located within Live Communication as part of Brand Lands. (From Kirchgeorg et al. 2009, p. 97; courtesy of © Gabler 2009. All Rights Reserved)

- They are able to trigger intense memories by appealing to all the senses.
- They offer the potential to increase the reference value of customers through word-of-mouth of positive experiences.
- As a rule, they represent an internal and long-term communication measure, i.e., they do not involve any ongoing investment, as is the case with events or trade fairs.

25.3.2 Importance of Plant Tours for Brand Management

Like all other instruments of live communication, plant tours offer a great opportunity for brand management: brands can be experienced through all senses. The following applies: the more senses are addressed in parallel, the stronger the effect on the brand image (cf. Pine and Gilmore 1999, p. 59), and the more a customer is activated, the better the recall performance. Thus, on average, people retain 20% of what they hear, 30% of what they see, 50% of what they see and hear at the same time, and 90% of what they do themselves (cf. Fuchs and Graichen 1994, p. 112).

With reference to the concrete perception of brands, an even more detailed picture emerges: the relevance of individual senses for brand perception varies. Even if most information (58%) is perceived via the eye, the influence of the other senses must not be neglected. Thus, the sense of smell (45%) is even more important than the sense of hearing (41%), followed by the sense of taste (31%) and the sense of touch (25%) (cf. Lindstrom 2005).

For brand communication, this means that the more positive the synergies created between our senses, the more intense the connection established between sender and receiver (Lindstrom 2011, p. 147). In other words, the sensory impressions that come to the customer in the context of live communication must be integrated, i.e., coordinated with each other. They must fit the brand in order to have a joint effect. Disregarding valuable touch points devalues a brand (Lindstrom 2011, p. 147).

So What Does This Mean for Plant Tours?

The potential to positively influence the brand is there. But factories, production facilities, treadmills, factory floors can hardly be designed as a brand world. They are subject to occupational safety regulations as well as the constraints of efficient and quality-stable production. Sensory impressions can therefore only be controlled to a limited extent and are less likely to have a positive influence on brand perception. Conversely, this means that if production can only be designed to be brand-adequate to a limited extent, then everything else that can be seen, tasted and experienced during a tour must be optimally adapted to the various senses and the brand conveyed.

In practice, this does not happen in the vast majority of cases. Neither is attention paid to the fact that or how all senses are served. Nor are the brand core and brand identity consciously translated into sensory impressions. If the effect of the elements of a plant tour on the customer is not controlled, unintentional "false effects" can also have a high impact on the brand.

25.4 Practical Example: Analysis of the BMW Plant in Leipzig

25.4.1 The BMW Plant in Leipzig

Against the background of the theoretical considerations we have developed an analytical approach within the framework of a reference project with the BMW plant in Leipzig, with which the brand adequacy and multi-sensuality of plant tours can be analysed on the basis of the tour offered there.

The BMW plant in Leipzig was inaugurated in 2005 and is one of the most modern production facilities of the automotive group. Around 5300 employees work on 229 ha of factory space, and 191,604 vehicles rolled off the production line in 2021 alone (cf. BMW 2022b). A special focus of the plant was placed on the central building:

> The building is the centre of the plant and of all processes. It accommodates large parts of the administration and quality functions and it also connects the production areas. Form and function are combined here. The car bodies are visible from the entrance hall while they are being transported from on production area to the next. The bodies are transported past the desks of managers, designers and specialists and high above the heads of the visitors. (BMW 2022a)

Despite all the modernity and brand-driven design of the central building: The planning of the plant tours naturally took place after the BMW plant was built. Organization and implementation of the plant tour are outsourced.

A classic guided tour of the plant takes about 2.5 h and includes the body shop, paint shop and assembly areas. The extent to which the stimuli conveyed correspond to the brand was unknown to the plant management prior to the survey, so there was a risk of wasting impact potential.

25.4.2 Objectives and Methodology

The objective of the survey, which was coordinated with the plant management, was to analyse the elements of the plant tour in terms of their multisensuality and their fit with the BMW brand identity. The assessment derived from this for the overall management was to serve as a basis for deriving optimization potentials.

The collection of the analysis data took place in the context of a covert participant observation. The developed methodological design included the following steps:

1. Inventory of all relevant elements of the plant inspection in the areas of welcome/central building, body shop, paint shop and assembly
2. Evaluation of the individual elements of the plant tour in the context of covert participation in a public tour
3. Analysis of the multisensuality as well as the brand adequacy of the tour elements on the basis of the core elements of the BMW brand identity
4. Derivation of optimization potentials and recommendations for action

The basis for assessing the brand adequacy of the plant visit was essentially the core elements of BMW's brand identity from 2010: dynamic, challenging and cultivated (cf. Figure 25.2).

The typology of the senses into visual, auditory, haptic, olfactory and gustatory stimuli, which is mainly used in psychology, was used to record multisensuality (cf. Zimbardo and Gerrig 2004, p. 120).

The analysis was carried out in a three-step process for each element, each area and the entire site visit (cf. Fig. 25.3):

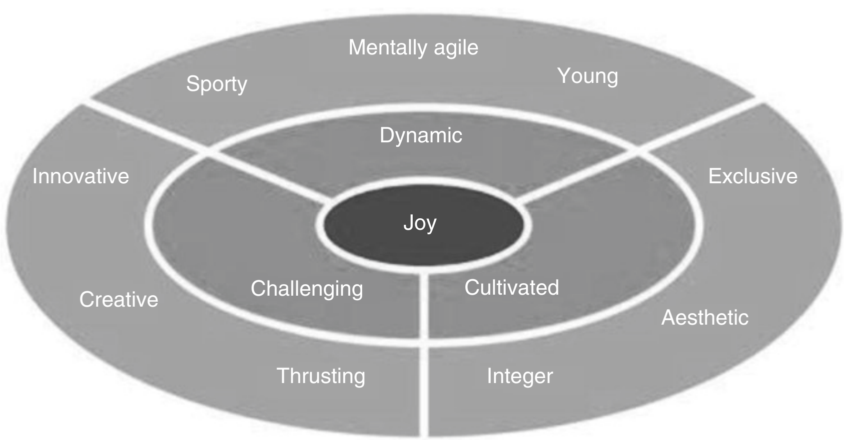

Fig. 25.2 BMW brand identity. (Courtesy of © BMW 2020. All Rights Reserved)

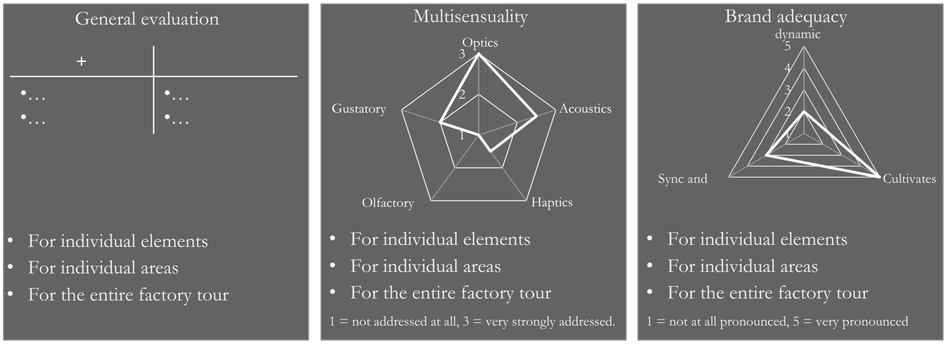

Fig. 25.3 Measuring instruments for the analysis of multisensuality and brand adequacy

1. Evaluation according to positive or negative experiences from the customer's point of view in combination with "influenceable," "partly influenceable" or "not influenceable."
2. Analysis of multisensuality by means of radar charts on which the individual senses were rated from "1 – not addressed at all" to "3 – very strongly addressed."
3. Analysis of the fit to the brand using radar charts on which the components of the brand identity were rated from "1 – not at all pronounced" to "5 – very pronounced."

There was no weighting of the individual area ratings according to time duration or content relevance within the tour.

25.4.3 Results of the Analysis

25.4.3.1 General Assessment

The general evaluation of the plant tour provided preparatory steps for the brand and multi-sensuality analysis (recording of all elements) as well as first implications for an optimized implementation. Every spatial and content-related element with which the visitors come into contact within a tour and which can become relevant to the brand or the senses was broken down, evaluated as – from the author's point of view – positive or in need of improvement in the sense of the tour and assessed in terms of its future changeability. For, as already described: Productions cannot be changed at every point and tour routes adapted. Rather, the routing and supplementary content should be designed in such a way that the tour offers an optimum of information and experience for the visitors within the given possibilities.

Such elements, which were recorded and evaluated at the BMW plant, include not only the usual foyers with information boards, but also corridors in which further information can be presented on the floor, staircases that are suitable for an information dramaturgy, and also break areas that are upgraded in terms of spatial climate via green plants. General

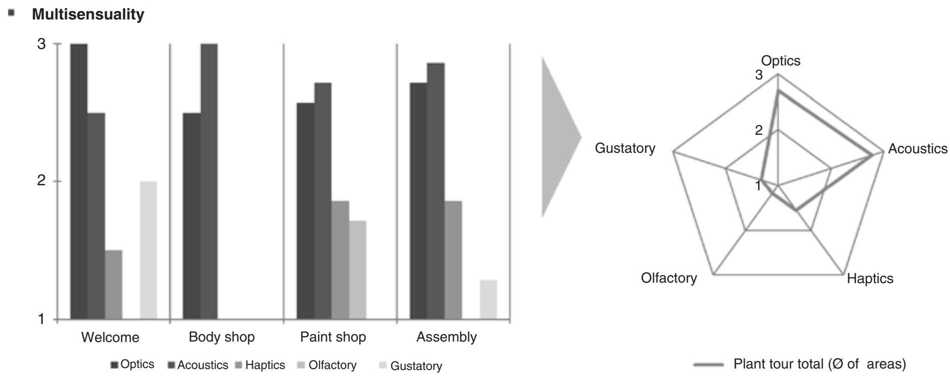

Fig. 25.4 Analysis of the multisensuality of the plant tour at the BWM plant in Leipzig

handling processes, the qualification of the employees and the appearance of the premises – the classic three additional Ps of services – are also part of such a general assessment.

The BMW plant in Leipzig provided numerous positive moments for visitors across all areas. In terms of organisation, the BMW plant scored points with a simple visitor registration and a collection of feedback via online questionnaire on the very day of the visit. What was positive – especially in view of the moderate price for participants – was the versatility of the tour, the accessibility of the individual areas and the comprehensive knowledge of the guide. All these elements are controllable for the BMW plant management in the future and should be maintained in this way.

With regard to the use of all relevant areas and rooms as an information platform and to build up the tension on the rather long tour route (approx. 4 km), there were still many open areas at the time of the survey, some of which are already being used today for didactic offers.

25.4.3.2 Analysis of Multisensuality

The result of the multi-sensuality analysis for the BMW plant in Leipzig shows that all five senses are addressed across all areas at some point during the plant tour. The acoustic and visual senses clearly have the upper hand (cf. Fig. 25.4). Now, the senses of smell and taste are sensory impressions in a car manufacturing plant that are actually more difficult to convert than in other industries. It is therefore not surprising that they play a rather subordinate role in the factory tour. Addressing the haptic sense – touching, feeling, tasting things – is the most complex in terms of implementation and is therefore used sparingly but accentuated.

25.4.3.3 Analysis of Brand Adequacy

In principle, the elements of BMW's brand identity are reflected within the plant tour in the approach, in a sorting of (1) cultivated, (2) challenging, (3) dynamic (cf. Fig. 25.5). However, the brand adequacy of the individual tour elements and areas varies greatly, and

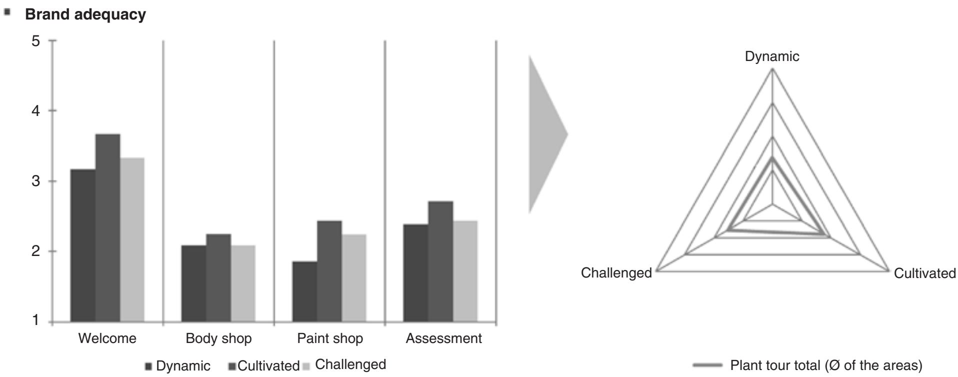

Fig. 25.5 Analysis of the brand adequacy of the plant tour at the BWM plant in Leipzig

visitors are exposed to a number of stimuli that have no brand reference at all or only a very weak one, because a production plant per se cannot always have a communicative effect in the sense of a brand.

With regard to the analysis approach, it became apparent that it would definitely make sense to direct the view beyond the core elements of the brand identity to more detailed brand characteristics. Thus, brand characteristics such as sporty, creative or young can even be implemented better in the end through supplementary offers within a tour than core elements such as cultured or challenging. They also offer the opportunity to focus more on specific aspects in terms of content, depending on the target group (children, young adults, mixed groups).

25.5 A Process Plan for the Optimal Use of Plant Visits

Plant tours are a popular instrument for bringing customers into contact with the company and its brands in their own, plannable environment. Theoretically, they are very well suited as instruments of live communication to provide visitors with an emotional brand experience. In practice, however, it becomes apparent that much of what can be experienced during a tour could just as well be covered by a virtual factory tour in terms of the senses addressed, as Audi or Mercedes, for example, are already testing in the automotive sector (cf. Pertschy 2020). Many plant tours primarily offer insights into the production process. Immersion in the brand, emotional experiences, activation of visitors in a staged environment – in many sectors, all of this can only be conveyed within the framework of a plant tour by means of additional offers. This requires creativity and the awareness that unplanned plant tours that are carried out "just because" can also quickly damage an existing brand image.

However, this requires precise planning and analysis of all elements to be shown during a plant tour. The survey presented in this article at the BMW plant in Leipzig can certainly not be transferred one-to-one to other companies and their plants. Nevertheless, it provides an insight into how multi-layered the perception spectrum of visitors is and at how many points there is a danger that impact potentials are not fully exploited.

At the same time, however, the article is also intended to encourage people to address the issues of multisensuality and brand adequacy in their own plant tours. Of course, no production facility in the world is planned and built according to the requirements of a visitor tour. The design possibilities in the context of plant tours are therefore limited, but still offer numerous starting points in many small details to optimally convey one's own brand through as many senses as possible.

Plant tours should not be taken lightly, but should be taken seriously as an instrument for image building and customer loyalty and should be planned, carried out and monitored accordingly.

For this purpose, the following process plan can provide assistance (cf. Fig. 25.6):

1. Analyze the elements of your plant tour. Which areas are to be seen in which order? Does the order make sense, is it exciting in terms of content and logical? Are there highlights that should be approached? Would individual areas be suitable for separate compact or area tours to cover special interests of visitor segments? Can special themed tours be offered?
2. Take part in one of your plant tours with an alert eye and observe the other participants as well. Is the tour too long or too short? Are there areas where the visitors' interest seems to be particularly high or where it flattens out altogether? Where is there an opportunity to introduce information and, if necessary, break points, e.g., to show a

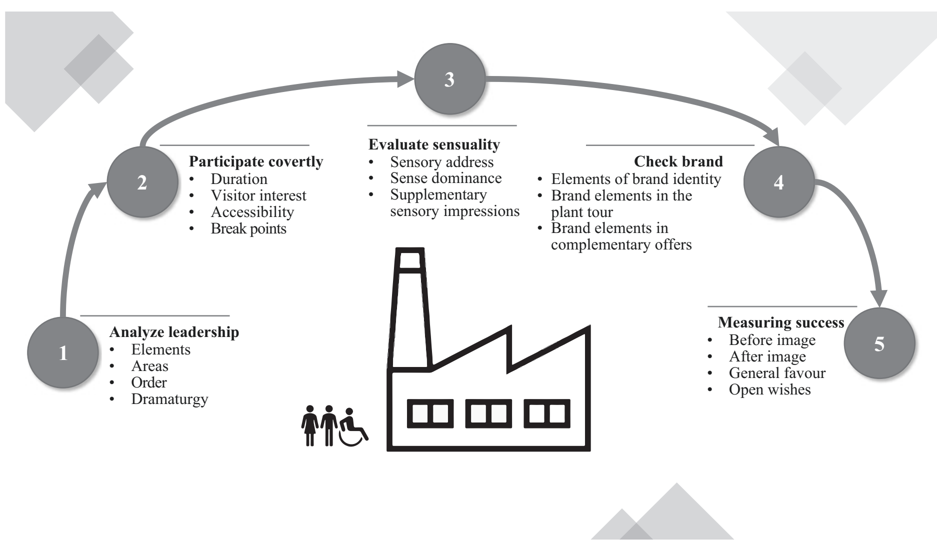

Fig. 25.6 Process plan for optimizing the multisensuality and brand adequacy of plant tours

film? Are your guided tours barrier-free and easily manageable for people with walking difficulties?
3. Evaluate the individual areas of your factory tour in terms of the senses addressed. Is there one sense that dominates? Which sense is perhaps not addressed at all? What simple, creative ideas can you use to convey content and topics via several senses, make them tangible, visualise them, provide them with an acoustic underpinning?
4. Be aware of what your company and brands stand for. Is the factory tour appropriate for embodying your brand? Which elements of the brand identity can be conveyed very well with the plant tour so that you can emphasize them? Which elements can be conveyed rather poorly with the plant tour, but possibly addressed through supplementary offers?
5. Finally, measure your success. Try to conduct regular before and after surveys of your visitors to determine the effect on your brand image. This is the only way to further optimize your factory tours over time and adapt them to the visitors' expectations.

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Synthesis: Total Store – Thinking and Acting Holistically

26

Gunnar Mau, Markus Schweizer, and Agnes Fleischer

Abstract

If you look at multisensory technology on a higher level, you quickly encounter the *total store approach*. The sensory stimuli are configured in such a way that on the one hand the value proposition is optimally expressed and on the other hand the customer feels comfortable in the space. This requires customer-centric thinking or empathy in order to harmonize the individual design elements. An undertaking that can quickly lead to a complexity trap. The presented methods and tools can help to make the Total Store manageable in practice. Categories are no longer polished to a high gloss individually, but coordinated with each other and brought together to form a (multi-sensory) work of art.

If we deal with multisensory, we automatically deal with the physical market. It already became clear in the first part that there are no digital sales channels or virtual touchpoints that can appeal to all senses. This strength of stationary retail, to enable the customer to have a multi-layered encounter with the brand, the products and the employees and to create entire worlds of experience, also results in increased requirements. Complexity is increasing. In shopfitting, 1000 variants are quickly possible, which, depending on the configuration, emit completely different signals and appeal to completely different customers.

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It is therefore worthwhile to broaden one's view and to think holistically: not to configure just one aspect, e.g., scent marketing, to the finest detail according to all the rules of the art. Each component, be it the lighting concept, the ventilation systems, the tasting options, the shelf constructions or the orientation aids, has its justification, but must also be considered in the context of the other disciplines so that the customer is not overstimulated. In order for the store to become a holistic whole – a total work of art – a strategy is needed that bundles all forces.

Shopfitting therefore does not begin with the architecture or the shelf position. Shopfitting always begins with the customer. This is often overlooked in the operational business when labour law and safety guidelines have to be complied with and the area design primarily corresponds to the daily work processes. Without question, these are relevant factors, but the objective is different: The customer must feel comfortable in the store and be attracted by the products so that their needs are adequately met and they will continue to shop in the future.

26.1 But How Do You Create a Fully Customer-Centric Store?

The anchor point of store design is the brand and value proposition to customers, aligned with customer needs. The following **milestones** can be identified as valuable guidelines for the development and implementation of holistic store design:

1. Getting to know your own customers
2. Determine a future-proof positioning
3. Develop coherent concept ideas
4. Orchestrate details
5. Planning and implementing construction measures
6. Living and anchoring new (work) processes

The first step is to get to know the customers. As Herrmann Braun's article makes clear, the first step is to ask the **"why" question** and then to derive further strategic and operational measures from this. Central is the knowledge of the decisive motives and identity-forming factors of the buyers. "Why should he buy from us?," "Why might she be interested in this product?" or "Why will this marketing idea work?" Only when you know your customers and their (latent) needs can you accurately determine your positioning.

The second step is to determine the company's own **positioning** and the associated desirable value proposition. In order to better scrutinize the uniqueness of one's own service offering, it is worthwhile to include the differentiation from the competition in addition to the relevance for the buyers or consumers. The brand identity can thus be communicated even more credibly. In order to formulate the positioning accurately, an analysis phase and a strategy phase are required. In the analysis phase, the existing knowledge about the customers, the competition and the range of services is compiled and, if necessary, expanded by further (pragmatic) analyses It is advisable not to rely solely on hard factors. KPIs that are directly related to product acquisition, e.g., customer card data or measurements of the success of marketing campaigns, are certainly justified – but the soft factors also take on a more important role. They have an indirect effect on the company's success. These include, in particular, the feel-good factor that draws customers back to the stores time and again, as well as, in a negative sense, the disruptive factors that are perceived unconsciously. In existing stores, intensive inspection of the premises helps just as much as customer flow analysis to obtain a good overview of customer behaviour in the store. If, for example, numerous shelf displays create an imaginary barrier in the store, this can lead to categories behind them performing significantly worse without ever having had a chance. The customer does not even pass by these products (see also the article by Jan Hillesland).

If a store is being planned from scratch or comprehensively adapted, **future workshops are** suitable, which reveal both closer impressions of the customers and bring out the design creativity. In addition to workshops with customers, employees from different departments can also participate in a joint **design sprint** and contribute their different perspectives to the strategy development.

In the **strategy phase** of positioning, workshops are usually held with the decision-makers. The previous findings serve as a basis. For the management, the strategic specification is a very significant milestone in developing a common language for the future that can serve as a guardrail for the operational business. Before this can happen, however, consensus must prevail on the following: An apt value proposition has been formulated, the target audience has been defined, the initiatives have been derived, and the targets for project implementation have been set.

This is where it is decided how far management wants to go. We will learn more about this in the articles of the fourth part, in which an all-encompassing customer centricity and its structural anchoring in the company are discussed: What path will the company take to differentiate itself from the competition and truly respond to the customer? How extensive will the transformation be, have the responsibilities been clarified and are the resources available? In Part IV, we will go into more detail about the cross-company change processes, so that we can move directly to the **concept idea** here.

The third step is to develop a coherent concept idea based on the previous findings and strategic orientation. In her article, Hannah Sondermann aptly describes the obstacles that retail designers have to contend with.

> *The retail designer's task is not to create a 'beautiful' space, but a place that meets the diverse demands – derived from the corporate strategy. This means that the retail designer is not called upon to be an artist. Rather, he is responsible for implementing the corporate strategy in the distribution channel 'stationary sales space'.* (cf. Hannah Sondermann, Chap. 20)

In this way, everyone quickly sees themselves as an expert. Most of the time, the focus is not on the overall picture, but on the interest of the category manager or brand manufacturer who wants to place his own products in the entrance area in order to get the greatest possible attention and willingness to pay. From the retailer's point of view, however, this is by no means desirable, as no good story (for the customer) can be told in this way.

Retail designers are therefore looking for solutions that focus on the needs of the customer. Multisensual stimuli are included on the basis of the **brand identity** and **brand positioning** and thus form a unique product. Because even if there are certain overarching recommendations, e.g., for the effect of different colours, there is nevertheless an incredible versatility of **possible combinations of** all sensory impressions that need to be selected and coordinated.

The fourth step is the detailed planning. However, this only takes place once the basic design concept has been approved by the management. The store components are then precisely woven together to create a holistic work of art. Orchestrating them also requires the right contact person in the company to incorporate perspectives into the store design that would otherwise be disregarded. For example, it is not only interesting how durable the individual materials of the self-service baking station are, but also what sound they produce. After all, no customer wants to cause loud metal impacts that can be heard throughout the supermarket when opening and closing the flaps or poking around.

Karsten Kilian and Alina Hacopian also recommend proceeding step by step so as not to overexert oneself. First, concentrate on the visual design elements and then select the other elements congruently.

> *Probably the most obvious visual component is the colour scheme as well as the associated lighting of the store. […] The use of high-quality materials, for example, can be perceived not only visually, but also haptically and sometimes olfactorily.* (cf. Karsten Kilian and Alina Hacopian, Chap. 19)

When the first visual elements are in place, they should be checked for their effects on the other sensory impressions. With the use of further elements such as the decoration, the effect of the previous components can be underlined. In this way, starting with the visual elements and followed by the other sensory impressions, a feel-good atmosphere is created step by step.

Then the fifth step begins, the construction measures are planned and implemented. The architecture is in place, the shelves are placed in the rooms, all products are given their place. The processes that bring the store to life are rehearsed and tested in the sixth step. Particularly when it comes to a conversion, it is important to critically question old habits and readjust them. Only when **structures** have been **anchored anew,** when processes have been checked for their sense, can the daily interaction with the customer begin.

> *If a retailer pursues a value-creation strategy (he wants to offer customers more than a saleable market with good prices), he will (also) focus more on value-creating activities in the future.* (cf. Philipp Rieländer, Chap. 23)

Philipp Rieländer illustrates the difference between an activity that generates added value (e.g., the recommendation of a customer-oriented storytelling) and an activity that makes the sale of goods possible in the first place (e.g., pricing). As more and more activities are taken away from the employee with the increasing use of technology, it is fortunate that the time freed up can be used in a more meaningful way. The employee is given the freedom to pursue his or her own vocation to a greater extent: The joy of selling. The employees can track down the needs of the customers and creatively continue to improve the offer.

For very different industries we see here how an implementation can be done multisensory:

- **Luxury brands** (cf. Karsten Kilian and Alina Hacopian, Chap. 19): Buyers associate luxury brands with exclusivity and uniqueness. The brand quality is felt through a pleasantly calm atmosphere reduced to the essentials, which is underlined by high-quality coordinated furnishings. In this segment, attention was paid to the overall impression of the POS at an early stage. In the future, we would welcome to experience an overall experience coordinated with the brand also at retailers from other industries, as the senses accompany you consciously and unconsciously everywhere.
- **Shopping Center** (cf. Peter Hermann, Chap. 21): A shopping center does not have it easy to bring countless impressions under one hat. A sensory overload spreads very quickly. Each store presents itself in a very different way and vies for the attention of the customer – it is all the more important to understand the place itself as an independent space and to orchestrate it as a "place to be." The design of the individual floors was specially tailored at LAGO to the wishes and attitude to life of the respective target group and united under one roof, the "sea feeling." Particular attention was paid to the lighting concept, as the feeling of well-being is strongly influenced by this in the case of wide enclosed areas. Overall, it was important to understand the arriving customer not only as a customer to be won, but also as a welcome guest and to coordinate all other components, such as the culinary and visual experience, accordingly.
- **Food trade** (cf. Christoph Oriet, Chap. 22): From world to world, each area has its own logic and its own world of perception. The same is not expected in the variety of canned goods as in the fruit & vegetable section. Each section must be optimized both in its uniqueness and in its component of the overall work of art. Depending on whether one tends to browse in a department or routinely reaches for standard products, in detail the grocery store meets very different needs. For good service – and this includes the curation of the assortment and helpfulness of the staff – customers are always happy to come back to the store.

> *The feeling of well-being may even be more important than the price. The payment process will be different in the future; so will customer service. […] In the future, customer service and the checkout zone will merge; like in a hotel with its service desk.* (cf. Christoph Oriet, Chap. 22)

In addition to the possibilities of holistic design of a new store, the authors also offer numerous optimization approaches for already existing spaces.

In the future, we will go one step further in store planning. We have just described how a store concept can be developed. But in doing so, we take too little account of the fact that customers have assumed the right to decide for themselves which path they take in the customer journey. The interaction possibilities between the individual touchpoints should be given even more attention in the overarching concepts.

Marion Marxer's article impressively describes what this future could look like. Each touchpoint is broken down into its marketing and sales tasks and reassembled in an overall architecture. The brick-and-mortar store is thus in the middle of an ecosystem of (digital) touchpoints, such as the website, the online shop, social media, direct marketing and the brick-and-mortar store, and only from this do the goals of brick-and-mortar retail arise. This makes the strategy work even more complex – but the danger of touchpoints not matching each other is significantly reduced.

Whether the store is planned in harmony with all touchpoints from the outset or independently of them for the time being, the importance of a strategic concept is increasing. The customer is becoming more and more demanding – especially because new digital possibilities are emerging all the time, which need to be transferred to the stationary business in a meaningful way. We were able to illustrate practical approaches in Part II using numerous user cases. If the real meeting place is attuned to the well-being and consumption needs of the customer, it offers an added value that the pure online retailer cannot deliver. The customer is embraced holistically: directly with a range of services tailored to the customer and indirectly through the multi-sensual store design. Without a strategic orientation of the entire store concept, it is therefore impossible to offer customers what they want: a coherent shopping experience.

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Part IV
Mindset – Anchoring Customer Centricity in the Company. Every Employee as an Advocate for the Customer

Aligning corporate services – and in this particular case store design – in an agile manner to the changing needs of the customer is one of the central challenges of a customer-oriented company. This is anything but new. In order to achieve this customer-centric mindset and certainty of action, it is necessary to network the disciplines within the company. And therein already lies the crux: It is not only the dissolution of the silo organization, but the question arises: “Who takes the customer’s view at those points where the customer perceives the bouquet of service components as a whole?”

If the category management designs the assortment performance, the store planners the store concept, the web designers the online presence or the advertising department the brand presence, the customer is often the focus of the service provision in the individual departments. Perhaps the project activities are also coordinated internally via a project organization and, in the best case, harmonized. But mostly there is no “advocate” for the customer. This requires not only a professional project organization, but also a strong attitude within the organization. Value-oriented leadership is often attributed to owner-managed companies, but it is just as important in management-managed companies. However, a glossy paper with beautifully formulated values is by far not sufficient for this.

What requirements must be met in order not to lose sight of the customer, even in a highly competitive and dynamic environment? The call to dissolve silo organizations or to build an agile, networked organization along the lines of start-ups often sounds like a platitude in this context. This makes it all the more important to crystallize the success factors that are crucial for configuration, implementation and anchoring.

“Culture eats strategy for breakfast.” Peter Drucker’s insight applies more than ever in this context. A multisensory total work of art is only anchored in the organization when the culture and structures allow it.

Agile Organizational Concepts for Retail Companies in Times of Digitalization: Design and Management of Agile Organizational Structures for More Competitiveness in the Face of Changing Customer Needs

27

Martina Peuser

Abstract

Technological change and changes in customer behavior present retail companies with structural challenges. Digitalization is driving demands for omni-channel offerings, innovative services at the POS and experience-oriented store concepts. Selective measures are no longer sufficient in stationary retail to remain competitive. A comprehensive transformation to agile organizational concepts is required. Only those who can react flexibly to changing needs without rigid hierarchies and departmental thinking in agile structures will be able to survive on the market in the long term. This article shows how agile values can be integrated into organisational structures in the retail sector in view of changing customer requirements in the VUKA world. Solutions are offered by agile organizational forms such as the dual company and the project-oriented organization. For control purposes, instances such as the "Chief Entrepreneur" and "Chief Digital Officer" as well as the strategic project management office enable a common goal orientation of all participants of the network-like, agile organizational forms.

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27.1 Starting Points for the Design of Organisational Concepts

27.1.1 Coordination of Structures and Processes in the Company

Projects for the reorganization and optimization of structures and processes are currently found in almost every company. The topic of organization plays a central role in the question of more flexibility and speed on the market. The planned design of structures in the company occupies every management level in order to successfully adapt the company to changing customer needs.

The organization of companies initially includes the organizational structure and process organization. The organizational structure is based on long-term decisions of the company management and is the basis for the process organization (cf. Marcharzina and Wolf 2012, pp. 476–478). It represents the hierarchy of a company and arranges tasks, competences and responsibilities. The organizational structure is represented in organizational charts. Of particular importance is the coordination of interfaces between different task areas such as purchasing and sales in retail companies. With the help of the structure, the goals of the organization are to be achieved.

The organizational plan includes the definition of hierarchy depth, management span and type of management system. The depth of hierarchy is the level of detail in an organizational chart and determines the number of hierarchy levels in an enterprise. Similarly, the depth of hierarchy determines the span of management, which is characterized by the number of positions assigned to an instance (cf. Macharzina and Wolf 2010, p. 496). The resulting subordination and superordination systems map the entire management system, which includes directive and decision-making powers. Basically, the following management systems can be distinguished (cf. Macharzina and Wolf 2012, pp. 488–499):

- *Single-line system:* the single-line system is based on the principle of unity of assignment. Employees report to only one supervisor. This structure is very clear and encourages specialisation in certain skills, but lacks flexibility and carries the risk of silo thinking.
- *Multi-line system:* in the multi-line system, superiors have authority over several employees. However, there are specialist or disciplinary superiors who assume primary responsibility in the specific case. The central advantage is the increased communication within the company. The disadvantage is that the increasing complexity could overwhelm employees and managers.
- *Staff line organisation:* the advantages of single and multi-line systems are to be combined by the staff line organisation. I.e., specialization is promoted, but staff functions relieve the line instances in e.g., the preparation of decisions or special projects in the company. However, it is problematic that staffs can influence decisions due to their expertise.

The process organization contains the division of processes within a company. The type, timing and sequence of individual work tasks form process steps and are combined into processes. In a process organization, this aspect is taken up so that a change from a function orientation to a process orientation takes place.

Organizational structure and process organization influence each other and are interconnected. For example, processes cannot be successfully defined if responsibilities are not defined by the organizational structure. Even companies that introduce agile management principles are recommended to record task distributions and sequences in organizational charts and process visualizations. Temporary organizational forms and processes can also be clarified transparently for everyone through representations of the organizational structure and process organization.

> Every organization is characterized by an organizational structure and a process structure. The organizational structure regulates permanent regulations as well as task and competence contents, while the operational structure structures the processes in the company. In order to realize the company's goals (e.g., conveying worlds of experience in the salesroom), both sub-areas must be coordinated with each other.

27.1.2 Classical Decisions on the Overall Organisation of Commercial Enterprises

The decision on the overall organization is an original management decision and is the responsibility of top management. The primary organization is the basic framework of a trading company and contains permanent positions and bodies of a hierarchical structure. Basically, there is the functional and divisional organization as well as the matrix/tensor organization.

The functional form of organization, also known as the "Verrichtungsorganisation," is a single-line structure and is characterized by functional areas on the second hierarchical level. Possible structures in the retail company can be, for example, purchasing and disposition, warehousing and logistics, assortment creation as well as sales and service. These forms are relatively common in retailing (cf. Zentes et al. 2012, pp. 727–728). It is true that this form of organisation offers simple and manageable structures as well as specialisation effects. However, especially companies whose range of products and services grows over time reach their limits, so that the overemphasis on specialization promotes divisional egoism and overburdens corporate management. This demonstrates the need for decisions to be delegated to the second management level. One possibility is to structure the company into divisions or business units.

The central criterion of divisional organization is the division of the second hierarchical level into product ranges, customer groups or regions. Another name for this form is the divisional or business unit organization. In contrast to the functional organization, the respective units usually have a high degree of entrepreneurial freedom. At the same time, synergy effects are to be exploited by combining individual activities. On the third hierarchical level, the structure follows functional principles, whereby often not all functional areas are present in each division (cf. Macharzina and Wolf 2015, pp. 495–496). The autonomy of the individual divisions is based on the degree of centralization of the divisional structures. The more decentralized the divisions, the greater the freedom and the more coordination efforts in day-to-day business are reduced. In addition, entrepreneurial spirit, flexibility and thus market orientation are promoted in the divisions. However, due to the fundamental single-line structure, the danger of divisional egoism and divisional thinking remains. Particularly in such forms, in which the individual divisions have a high degree of autonomy, care must be taken to ensure that the goals and values of the company are pursued by all parts of the company.

The matrix organization is a form of multi-line organization (cf. Schreyögg and Geiger 2016, p. 86) and involves moving away from individually separated company divisions. As a rule, each employee has two supervisors with equal rights. For example, there is one supervisor for a specific store and another supervisor for a specific assortment. Coordination is carried out by the owner of the execution office. The performance and creativity of the employees as well as the flexibility of the operating unit are to be promoted in this way. The challenge of the matrix organization is especially the high coordination effort, which often inhibits performance for all involved. In addition, conflicts can easily arise due to unclear responsibilities, which can lead to many power struggles. In the case of the Tens organization, at least a third design dimension is added so that, for example, a distinction is made between product ranges, customers, regions and projects (cf. Macharzina and Wolf 2015, p. 497).

In the retail industry, there are also specific forms of primary organization. The following classification focuses on the core aspects of organizational design (cf. Zentes et al. 2012, p. 734):

- **Holding organizations:** Holding organizations are based on the single-line system and are particularly common in the retail industry. Most of them are financial holding companies (e.g., Metro Group) and management holding companies (e.g., Douglas Holding AG). In a holding structure, there are several legally independent companies (subsidiaries) in which a company holds an interest as the parent company. Holding structures allow tax advantages and the flexibility and autonomy of the individual subsidiaries to be exploited. However, just as with the divisional form of organization, there is a risk of divisional egoism and a lack of focus on the overall goals of the company.
- **Diversified and mono-business type companies:** Diversified forms can be found in companies such as Metro, Rewe or Otto. On the second hierarchical level, the structuring takes place according to divisions, i.e., according to operation types or sales lines, so that there are the advantages and disadvantages of a divisional organization. In particular, the danger of divisional egoism to the detriment of customer orientation should be mentioned as a disadvantage. Mono-type companies, in which a trading company operates in all markets with only one type of operation (e.g., IKEA, Aldi, Media Markt)

divide the organisation into divisions on the third hierarchical level. Here, too, the difficulty of promoting networked thinking and action remains, as does the alignment of all subdivisions to the corporate focus that is above all else.
- **Vertically integrated companies:** In vertical integration, retail companies exert influence through various stages of the supply chain so that industry and retail cooperate. One example is shop-in-shop concepts. Retailers are no longer exclusively focused on sales, they also have production. In consumer electronics, for example, special area concepts and so-called mono-brand stores can occur. Apple, Samsung or Microsoft offer their products at Media Markt and Saturn on their own sales floors and with their own staff. Especially in the clothing industry (e.g., H&M, Zara), it is widespread that the retailer completely controls the supply chain from production to logistics to sales to the end customer.

While the classic divisional divisions in trading companies promise little cross-company cooperation for customer orientation, but strong departmental thinking, the network-like structures show a market-oriented flexibility. The next section takes a look at other organizational design approaches to align a company with rapidly changing markets and customer demands. In this case, the secondary organization is of great importance.

> Classic forms of primary organization of trading companies offer stability and a basic framework for handling standardized routine tasks. However, fast and flexible structural reactions to changes in the market are not possible. In particular, divisional organizations and supply chain approaches based on a division of labor do have the advantage of specialization. However, the danger of divisional egoism and a lack of customer focus is omnipresent. One solution is to think in terms of networks and interdisciplinary teams in which each member works together towards a single goal.

With the help of additional elements in the secondary organization, it is possible to react more quickly to market changes without restructuring the basic structure of a company. The cross-system types of secondary organization usually include product, customer, function and project management. In retailing, product management is usually represented by category management. In category management, merchandise categories are viewed as strategic business units for which retailers and manufacturers jointly define categories in order to optimize the performance of the entire merchandise category. The central focus of category management is on customer needs (cf. von der Heydt 1998, p. 105). Customer management is mostly found in the form of institutionalized customer management in retail companies. Concepts for customer evaluation are also emerging. Process-oriented cross-sectional functions represent functional management, such as quality management. Project management has seen a considerable increase in recent years. On the basis of individual projects, new types of tasks are to be solved in a time-limited and goal-oriented manner. In the retail sector, for example, this can be a project to set up logistics centres (cf. Zentes 2006, pp. 843–844).

The additions of elements of the secondary organization to the primary organization already point to solutions for adapting more flexibly to rapidly changing customer needs. However, these solutions still appear to be very selectively anchored. What is missing is a comprehensive and internally coordinated orientation to the market in which various subdivisions not only react to customer wishes but can also proactively design offers for consumers. In this respect, it is clear that an agile organizational structure is required overall in order to meet the requirements of volatile markets in the digital transformation.

Complementary elements of the secondary organization such as category management and project management implement more flexible structures compared to cross-sectional functions in rather rigid primary organizations. These selective additions move the customer more into the focus of retail companies; however, these partial solutions are not sufficient to successfully meet the complex and rapid changes in customer wishes in the course of the digital transformation. It is necessary to react quickly and even proactively develop offers that offer a successful overall picture.

27.2 Digital Transformation in Retail as a Driver of New Organizational Concepts

27.2.1 Changing Customer Needs in the Context of the VUKA World

Digitization and, consequently, technological developments are triggering a revolution in the economy and society. The progress in technologies is advancing more and more. For example, the Internet, online shops and digital platforms are changing the fundamental laws of commerce. In this context, the term “VUKA world” (or VUCA) has emerged. VUKA stands for Volatility, Uncertainty, Compexity and Ambiguity.

Volatile means unstable, changeable or fluctuating. For example, consumer attitudes and opinions change from 1 day to the next due to the influence of the Internet. Here, dealing with consumers is becoming increasingly important. The role between retailers and consumers is being redefined within the value chain. The customer decides on the place, time and type of purchase and chooses the offer that suits him individually. Companies are required to enter into an exchange with customers. They get in touch with other consumers in social media, rate products and services and recommend providers.

The second criterion of the VUKA world, uncertainty, refers to the uncertainty and ambiguity in companies. Due to the lack of predictability of developments, planning is hardly possible. For example, trends are changing faster and faster due to digitalization and product life cycles are becoming shorter. In addition to a targeted customer approach, it is becoming more important to design offers more flexibly. What was perceived as appealing on the sales floor today may seem arbitrary or meet with rejection the next day.

Another trigger of uncertainty is the risk of incomplete or incorrect information. For example, retail companies receive a lot of customer feedback via comments in social media. However, due to the growing problem of “fake reviews,” the authenticity of customer testimonials on the internet has become increasingly doubtful. Thus, reviews can be found on the internet that were written by competitors or purchased from service providers (cf. Peuser 2018b, pp. 73–74).

The complexity of the VUKA world refers to the dynamics of the corporate environment. The density and interconnectedness of information is constantly growing, resulting in interdependencies. For example, internationally active trading companies are confronted with diverse legal requirements and cultures. In addition, customers' demands for multi-options and multi-complexity are growing in line with technological change. According to a study by KPMG, EHI, HDE, KANTAR TNS (2016), in addition to omni-channel concepts, customers expect the following offers in particular in stores:

- Check in-store inventory online,
- Contactless payment with bank/credit card,
- Digital terminals for the retrieval of product information,
- Wi-Fi offer,
- Scan and pay for purchases yourself without a cashier,
- Possibility to pay via smartphone/smartwatch as well as
- Smartphone charging station in the store.

The general relevance of digital services and innovative omni-channel offers is particularly high in the customer segment up to 40 years of age with a medium to higher income. This means that people from very high-income households are becoming important target groups for retail companies. In addition, the generation of "digital natives" (born in 1985 or later) is moving into the focus of retail. They are reinforcing technological trends in retail and are now increasingly emerging as a consumer group. They have grown up with technology and have correspondingly high expectations of digital services. In addition, their preferences are difficult to assess, as this group is both very heterogeneous and very volatile in its purchasing behavior (cf. KPMG, EHI, HDE and KANTAR TNS 2016). The COMARCH and KANTAR TNS (2017) study on Trends in Retail 2030 indicates that consumers across all age groups expect stores to offer digital services and payment options. It is predicted that personal digital advisors will largely replace traditional store employees. In addition, consumers are open to personalized offers in the store based on their data, such as real-time offers while shopping or navigation on the sales floor to the desired product.

A symbiosis between analog and virtual product presentation is created, for example, by the package manufacturer Haro in cooperation with its retail partners by combining digital signage and virtual reality on the sales floor through technical solutions. Customers experience the products in the store in two ways. Firstly, a classic floor presentation is offered with flooring surfaces and hand samples. Secondly, the use of new digital sales elements (e.g., virtual reality glasses) enables customers to take a virtual tour of the product. Sales advice is supplemented by the use of large-format screens with interactive touchscreens and tablets. The digital presentation system documents the customers' wishes throughout the entire consultation process (cf. Oeller 2018). Interio, XXXLutz's furniture store, has been offering its customers its own augmented reality app since 2018, which allows furniture to be virtually placed in the living space via smartphone (cf. Interio 2020).

Lack of unambiguity means the fourth criterion of the VUKA world – ambiguity. Information is ambiguous and makes decisions more difficult. The viability of events is not clear, so that the danger of misinterpretation and wrong actions increases. At the same time, it is inevitable to live with and deal with ambiguity. For example, the importance of the stationary store for consumers is changing, so that classic store concepts are being questioned. There are already hybrid constellations for extending the time spent in stores. Additional offers such as gastronomy are integrated into the classic store concept and the salesroom is transformed into a place of encounters. Customers are not just shoppers, but guests or members of an interest group (community). The purchase becomes part of the overall experience in the salesroom (cf. KPMG, EHI, HDE and KANTAR TNS 2016). New concepts often mean a high degree of enduring uncertainty and foregoing short-term profits. Whether it pays off in the long term only becomes clear at a later point in time. Thus, innovative concepts may turn out to be unsuccessful over time, so that new changes have to be made.

Example

The Manufactum department store supplements the classic sales offer with the in-house gastronomy "Brot & Butter." A special feature is that this "tasting kitchen" cooks with Manufactum products. If you like it, you can not only eat all the products on site, but also buy them for your own preparation at home (cf. Manufactum 2020). The Swiss retail group Migros is trying out a similar concept in Winterthur. In a test store, an island has been placed that takes up the themes of the service counters at certain times. For example, the theme "butchery" is taken up. Two chefs then prepare meat dishes that customers can try. In addition, regular events with experts take place, such as the pressing of juice from old apple varieties on site. The disadvantage of such elaborate store concepts is the high cost. Migros is currently unable to predict whether and to what extent the experimental redesign of the salesroom will pay off (cf. Griesser Kym 2019).

The effects of the VUKA world on consumers are manifold. The faster customer wishes change, the less effective it is to insist on old experiences. Yesterday's optimal solutions are tomorrow's standards. The developments in a VUKA world cannot be countered with previously universally valid management approaches. Rigid thought patterns and linear organizational structures are not viable in a dynamic, uncertain, changing and ambiguous environment. Decisive for success are now organizational concepts of retail companies and their partner organizations that allow more flexibility and quick reactions.

VUKA refers to a volatile, uncertain, complex and ambiguous corporate environment in the course of digitalization. For retail companies, these changing conditions mean, in particular, changing customer requirements. The new requirements range from omni-channel solutions to in-store digital services and new store concepts. Linear structures are no longer appropriate in such a dynamic world. Agile organizational concepts offer retailers the opportunity to constantly evolve in this fast-changing environment.

27.2.2 Integrating Agile Values to Transform Organisational Concepts in Retailing

In addition to the classic structuring issues, organizational projects today are particularly concerned with new models of primary organization. The question is whether and to what extent previous single- and multi-line structures can be supplemented with project management or even broken up into network-like linked organizational units. A study by Kienbaum in 2017 with 182 companies in Germany shows that a change from one-dimensional to agile network organizations is taking place; flat and adaptive structures are supposed to promote flexibility and agility (see Kienbaum 2017). A correlation between perceived uncertainty in the corporate environment and agile transformation of companies, McKinsey found in 2017. 42% of participants from the retail sector rated the corporate environment as very uncertain and agreed that an organization-wide agile transformation is taking place. The results of Deloitte's 2017 "Human Capital Trends" study also show change efforts at companies. 88% of companies see the need to redesign, however only 11% actually feel able to start this process (see Deloitte 2017). In this context, the focus of realignments has changed. Previously, the goal of organizational structures was to increase efficiency and effectiveness. In the survey by Deloitte (2017), it is clear that customer orientation, agility and adaptability are now seen as success factors for the performance and future viability of the corporate structure. 86% of the respondents saw customer orientation as a central aspect (cf. Deloitte 2017).

In organizational theory, the term agility has stood for flexible, lean, and customer-oriented organizational design since the 1990s (cf. Förster and Wendler 2012, p. 1). As a reaction to slow and bureaucratically structured organizations, agility emerged to respond to changes in the market. The aim was to rethink from rigid rules and ways of working to agile, adaptable and flexible actions in companies. However, agility far removed from classic hierarchical organizational structures does not involve the complete elimination of frameworks and sets of rules. Rather, it requires new control mechanisms and goal orientations such as communicative aspects and innovative methods as well as new types of decision-making instances.

Agile structures in companies and correspondingly flexible ways of working are intended to increase the dynamics in companies. Agile values and principles were first written down in 2001 in an agile manifesto regarding agile software development in the project. In the meantime, this manifesto has become an orientation anchor for agile

Agile values	versus	Classic values	Agile theses for retail companies
People and interactions	be considered more than	Detailed Elaborated Processes and instruments	Thesis 1 The competencies of the employees and their communication are in focus
Functional products and feasible Results	take precedence over	detailed documentation	Thesis 2 The main objective is to achieve high speed in Development of new offers.
Close and continuous cooperation with the client/customer	takes precedence over	extensive planning and negotiation processes in - advance.	Thesis 3 The close cooperation with the customer and the Customer needs are the focus.
Courageous and open approach to changes	is above	the meticulous Following a strict plan	Thesis 4 The company reacts flexibly upon changed General conditions and new customer requirements .

Fig. 27.1 Importance of agile values for retail companies

structures and processes in companies across all industries. The agile manifesto contains four central theses (Beck et al. 2001):

- Individuals and interactions are more important than processes and
- Functioning software has priority over comprehensive documentation,
- Cooperation with the customer is more important contract negotiation,
- Responding to change takes precedence over following a plan.

Communication and constant reflection on work processes are important prerequisites for employee ownership. Flexibility develops from the constant feedback loops with the customers, who regularly receive partial results from the service provider for inspection (increments) in order to carry out a comparison with expectations.

The significance of the central theses for retail companies is summarized in Fig. 27.1. The first thesis (people and interactions) focuses on the competencies of the employees and their communication within the company. The second thesis makes clear that a quick reaction to new trends and customer demands is important in the design of the salesroom. According to the third thesis, close cooperation with the customers has top priority, so that a constant exchange between the retail company and the consumer is guaranteed. Courage to change and flexibility make it possible to try out new ideas on the sales floor.

New organizational concepts are needed to anchor the agile theses for retail companies in the organizational structure. Figure 27.2 shows the comparison of classic and agile organizational design:

Organizational Design	Classic	Agile	Agile theses for retail companies
Basic concept	Hierarchy. Structure, stability	Network. Projects, teams, interdisciplinary cooperation	Thesis 1 The competencies of the employees and their communication are the focus of attention
Decision	Directives, position in the organisation chart	Empowerment. Self-organisation. Role in the team	Thesis 2 The main objective is to achieve a high speed in the development of new offers.
Process	Long-term planning, high level of detail. Hedging	Feedback, constant change/adaptation customer requirements. Error culture	Thesis 3 Close cooperation with the customer and the customer's needs are the focus.
Culture and Mindset	Control, security. Compliance. Efficiency	Cooperation. Trust. Speed, customer orientation	Thesis 4 The company reacts flexibly to changes in the general environment and new customer requirements.

Fig. 27.2 Comparison of organizational design of classical and agile organizational concepts

- *Basic concept:* The basic concept of classical orientations is based on rather rigid hierarchies, structures and stability, whereas agility is demonstrated by networks, project orientation and teams that work together in an interdisciplinary way.
- *Decision:* Decisions are made according to the position in the organization chart and thus hierarchically correct and are (instructions) for the subordinate positions. Empowerment and self-organization are the basis for decisions in agile structures. Moreover, it is not the rank in the hierarchy that determines decision-making powers, but the role in the team for solving a particular problem (cf. Peuser 2018a, p. 357).
- *Processes:* The procedure in classically structured companies is based on long-term and detailed planning in order to safeguard against errors. Deviations and rapid changes are not foreseen or tolerated. Agility is characterized by feedback processes and communication, so that constant adjustments can be made to customer requirements. This also includes a willingness to take risks and the courage to make mistakes, i.e., trial and error and rapid learning are explicitly desired.
- *Culture and mindset: The* common basis of all actions and thinking in classically organized companies are values such as control, security, compliance and efficiency. In agile organizations, the focus is on trust and cooperation. Central goals are speed and customer orientation. The aim is to be able to react to customer wishes faster than the competition.

The shift to agile organizational structures involves rethinking rigid rules and ways of working in favor of agile, adaptable, and flexible actions within the company. There are four key starting points for integrating agile values into organizational structures of retail companies:

Employee competencies/communication, rapid offer development, customer needs/collaboration, and flexibility.

27.2.3 Growth Mindset as a Prerequisite for Agile Structures

The implementation of agile values is closely linked to a specific mindset of the participants. A mindset can be described as a basic attitude or belief of individuals or organizations. Dweck (2006) divides people according to two types of mindsets: Fixed Mindset and Growth Mindset.

People with a Fixed Mindset believe that success is dependent on innate talent and unchangeable intelligence. They are very achievement-oriented and fear mistakes and failure. Setbacks and failures are therefore more likely to be hidden. Challenges present stressful situations, so they give up quickly. Criticism is perceived as pejorative and not seen as a learning opportunity, so that praise and recognition from outside are very important (cf. Dweck 2006, pp. 4–8). This makes it clear that in organisations with such employees innovative and creative ideas are rather unlikely. It mostly remains with familiar salesroom concepts and even minor failures of new activities cause any efforts to dry up.

Company members with a Growth Mindset believe that success depends on commitment, training and education and can be influenced throughout life. They grow with challenges, do not give up easily and believe that success can be increased through continuous hard work. They are able to take criticism and reflect on their behavior in order to continuously develop (cf. Dweck 2006, pp. 4–8). In view of the agile values, which are characterized by feedback, personal responsibility, risk-taking and speed, a growth mindset appears to be a promising basis for agile structures of retail companies.

Companies have an organisational mindset, which is a collection of all individual mindsets in an organisation (cf. Paul 2000, p. 188). It represents a collective mindset that affects the behaviour of the organisation as a whole. A company that has a Growth Mindset not only on an individual level but as an overall organization is particularly important in integrating agile values into the company. It is important to note that the development of a Growth Mindset by a few individuals in the company is not sufficient to change the entire Organisational Mindset. That is, selective changes are a start, but should be driven with emphasis on the entire organization to effect change.

The integration of agile values in retail companies depends on the right mindset. A growth mindset promotes agility in the company through a constant willingness to change, fault tolerance and lifelong learning. In this context, it is important to develop a Growth Mindset not only for the individual persons in the company, but especially for the entire organization within the framework of an Organizational Mindset.

27.3 Designing Agile Organisational Concepts for Retail Companies

27.3.1 Influence of the Organisational Structure on the Company's Success

For decades, business management theory has been concerned with the study of success factors for corporate success. A well-known theoretical model in business practice is the 7-S approach by Peters and Waterman from 1982 (cf. Peters and Waterman 1984, p. 32). Based on a survey of 62 US companies, they found 7 central factors that shape the success of an organization. The authors distinguish between hard and soft factors. The "hard elements" (strategy, structure, systems) represent explicit, quantitative and traceable variables, while the "soft elements" (special knowledge, core personnel, self-image, style) are more implicit, emotional and qualitative. The factors are shown in Fig. 27.3.

Successful companies link hard and soft factors and benefit from the powerful interactions. What was particularly new about the statements of Peters and Waterman (1984) was that especially the soft factors lead companies to outstanding success. In this respect, the structure of a company, for example, in combination with the right corporate culture, is

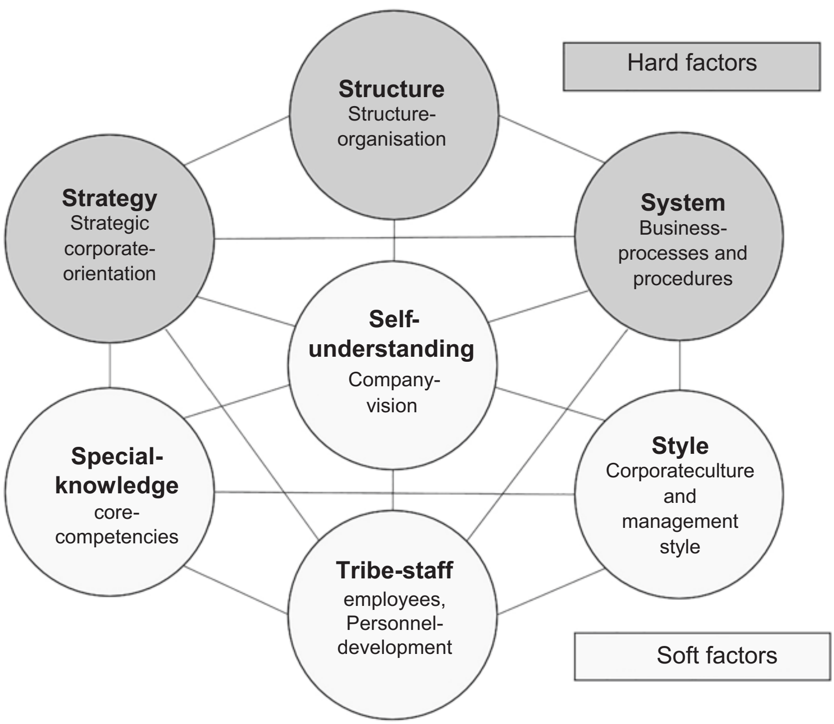

Fig. 27.3 7-S model of corporate success according to Peters and Watermann (1984)

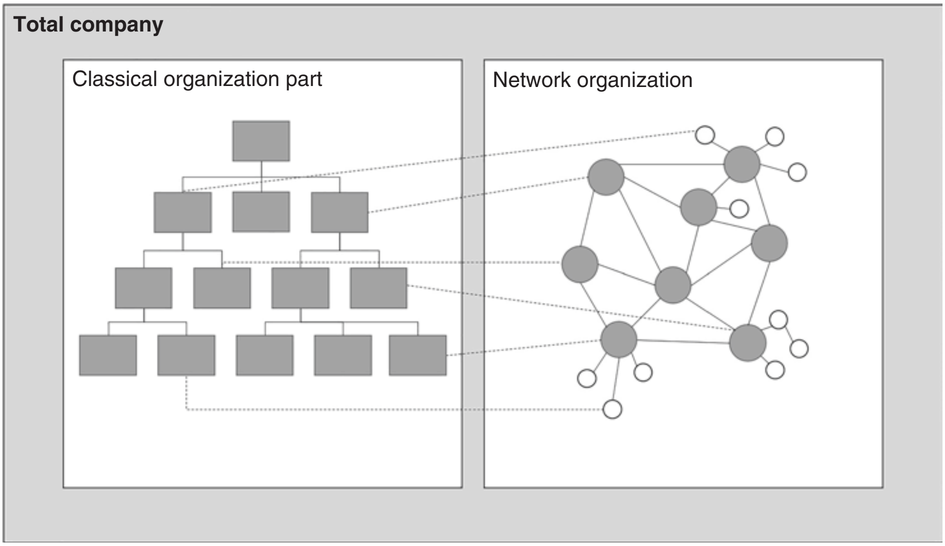

Fig. 27.4 Integration of agile elements through a dual organizational structure

crucial for success. Components of corporate culture such as agile values and mindset have already been considered. In the following, we will discuss design options for the organizational structure that promote agility in the company.

> The 7-S model shows that corporate success is based on a combination of hard and soft elements. The organizational structure is one of the hard factors, which in interaction with, for example, the style, i.e., the corporate and leadership culture, leads to excellence.

27.4 Combination of Hierarchy and Agile Networks in Dual-Structured Trading Companies

27.4.1 Core Elements of the Dual Company Structure

Shaping the transition from classic to agile structures is a challenging task. One way of anchoring agile values in the company is the "dual operating system" approach by John Kotter (2014). In dual organizations, as Fig. 27.4 shows, two organizational parts coexist (cf. Kotter 2014, p. 20):

Classical, hierarchically structured part of the company: This area is hierarchically structured, such as in a divisional organization. The management takes care of the operational business and focuses on reliability and efficiency.

Network-oriented part of the company: the complementary network organization acts faster and more flexibly to changes in the environment through innovative projects and self-organized teams.

Both system parts are interconnected and form an overall model. The prerequisite for this is the will to work together in partnership in order to be able to align with customer wishes in the long term. For example, innovative store concepts are formed from the knowledge of internal specialists as well as new assortment combinations in the agile working area. These innovation activities are supported by legal security or efficient implementation in the operational part of the organization. In other words, the classic operating division stabilizes the company as a whole and receives innovative impulses from the innovative part, while the network-oriented division tries out new approaches and receives support from the classically structured division. The advantage is that the change to more agility happens from within. The employees in the company accept changes with such an approach. In addition, employees develop in the network organization who are committed to more flexibility and collaboration in the company. At the core of the dual system is a "Guiding Coalition" that creates a link between hierarchy and network. The group, consisting of volunteers, should be made up of different levels and areas of expertise and should receive the trust of the leaders (cf. Kotter 2014, p. 20). The network organisation does not necessarily have to be an internal subdivision. A common approach in practice is to link classic organizational structures with external networks in order to benefit both from the stability and security of one's own company and from the innovative power and flexibility of the external network.

Example

One example is "Metro Target Retail Accelerator, Certified by Techstars," a jointly operated retail accelerator between the wholesaler Metro and the American retail chain Target. The aim is to promote start-ups internationally in order to advance digitalization in retail. For both companies, the accelerator program is of high strategic importance. The aim is to develop competitive advantages based on the innovative ideas of start-ups (see Metro AG 2019). Also, Edeka, Metro and Globus in Germany as well as the Swiss Migros cooperate with the Berlin start-up "Infarm," which offers small greenhouses for restaurants and supermarkets. In glass refrigerators, herbs and salads grow in a special nutrient solution and are harvested for sale on site. The concept of "vertical farming" is integrated into the sales floor (cf. Kapalschinski and Matthes 2019).

Dual organizations consist of a classic (hierarchically) structured corporate world and an agile network organization. Both corporate worlds represent different ways of working and cultures, whereby they influence and support each other. While the classic part ensures stability and security (e.g., with financial resources and legal advice), innovative impulses flow into the company through the agile area.

27.4.2 Control Instances at Top Management Level

Dual organizations are a time-consuming and complex challenge because they are two different systems that are equally important to the company as a whole. In other words, top management must embrace the differences between the two parts of the company and support them on an equal footing. This requires a high degree of dual thinking and acceptance of contradictions and diversity. In addition, there is the constant coordination of both parts to form a successful overall picture.

Networks develop gradually through constant expansion with new internal competencies or external corporate partners. The development of successful networks requires a high degree of attention and effort (cf. Kotter 2014, p. 37). In view of this high effort, in a dual organization the management of two parts of the company by a CEO alone does not appear to be purposeful or realistic. According to Osterwalder (2015), the additional position of the Chief Entrepreneur should be established as a protected area on top management level, which regularly supports the CEO. The main task of the Chief Entrepreneur is to lead the agile network part of the company in a future-oriented way, while the CEO leads the classic, hierarchically structured organizational part. It is important that both positions exist in the organization on an equal footing and report to the top management.

According to Osterwalder (2015), suitable chief entrepreneurs have a certain mindset. They pursue a digital vision and are strategically oriented. High uncertainties are normal for them. They meet challenges flexibly with team-oriented solutions. The mindset is crucial for the right appointment to lead the innovative network area of the dual-structured company. Chief Entrepreneurs know and possess the mindset of startups. Ideas are implemented quickly with the courage to fail and against conventional concerns and worriers. Startups may start small, but they are willing to go all out, scale quickly and thus grow successfully. Thus, a CIO (Chief Information Officer) or CTO (Chief Technology Officer) do not seem to be suitable for this position, as they are more technically oriented and take care of aspects such as IT governance and IT security, IT support and working methods of the Scrum team (cf. de Sousa 2019).

The idea of a chief entrepreneur represents a very innovative idea that is still more of a vision. In practice, the model of the Chief Digital Officer (CDO) has since developed (cf. Zisler et al. 2016, p. 76). The CDO assumes the role of the digital officer, who is responsible for planning and managing the digital transformation in the company. Other terms include "Chief Digital Officer," "Chief Digital Officer" or "Vice President Digital Transformation." Just like the Chief Entrepreneur, the CDO should be a board member with equal rights alongside other roles in top management (e.g., CFO or CIO). The CDO develops new digital business models, introduces innovative technologies and builds network structures within the company. The job must be mastered with both strategic vision and operational assertiveness, so the demands on a CDO are very high (see CDO Insight 2019).

The study "CDO Compass 2020" (Merx and Merx 2020) highlights the increasing importance of the CDO position in companies in the DACH region. Between 2016 and

2019, the number of active CDOs almost tripled (from 184 to 541 people). Most CDOs are found in the industrial sector (85 CDOs in 2019). However, developments in retail between 2016 and 2019 show an increase in CDO positions from 12 to 47 individuals, i.e., a growth of 269% between 2016 and 2019. It is striking that medium-sized companies dominate with 67.1%, while CDOs have been rare in larger corporations.

Examples of retail companies that have currently anchored the position of CDO in their structures are Mediamarkt-Saturn (combined position of Chief Marketing and Chief Digital Officer), Otto Group and McDonald's.

> The management of dual organizations with classic and network-like divisions requires two positions at the top management level that report equally to the board of directors. The CEO is responsible for the traditional part of the organization, while the model of a chief entrepreneur or chief digital officer is possible for the network part. While the Chief Entrepreneur is an idea of the future expressed in the literature, the position of Chief Digital Officer has already become established in the practice of retail companies and is showing immense growth rates.

27.5 Agility Through Project-Oriented Corporate Structures

27.5.1 Establishment of Project-Oriented Organisations

With the increasing importance of flexible organizational concepts, project work is receiving more and more attention in companies. It is no longer sufficient to temporarily integrate individual projects into the line structure. Rather, a project orientation in the entire company is an essential success factor for more flexibility and market orientation. I.e., projects enable a goal-oriented temporary organization. Decisions are decentralized and made in the project teams. In the study "Organigram of German companies," Kienbaum and Stepstone surveyed 10,000 professionals and 5000 managers (2017). One result was that respondents from agile overall structures with hierarchy-independent process and project responsibility rated their company as more successful and innovative than employees working in function-oriented or divisional structures (cf. Kienbaum and Stepstone 2017).

In retail, for example, the dynamics of the competitive environment are driving the push for ever new and attention-grabbing store concepts. This means changing retail business models by providing customers with a holistic shopping experience at both online and offline levels. A seamless customer journey offers a total shopping experience with omni-channel services through the collaboration of diverse specialists (cf. KPMG, EHI, HDE, KANTAR TNS 2016). Consequently, fixed renewal rhythms have been omitted up to now, as more and more partial renovations often have to take place at the same time. This means that projects for soft or light conversions as well as revisions or even complete conversions to the latest technologies are on the rise. Furthermore, increased omni-channel services, which involve cooperation between different specialists, are forcing existing organizational forms to be reconsidered and project orientation in the company to increase.

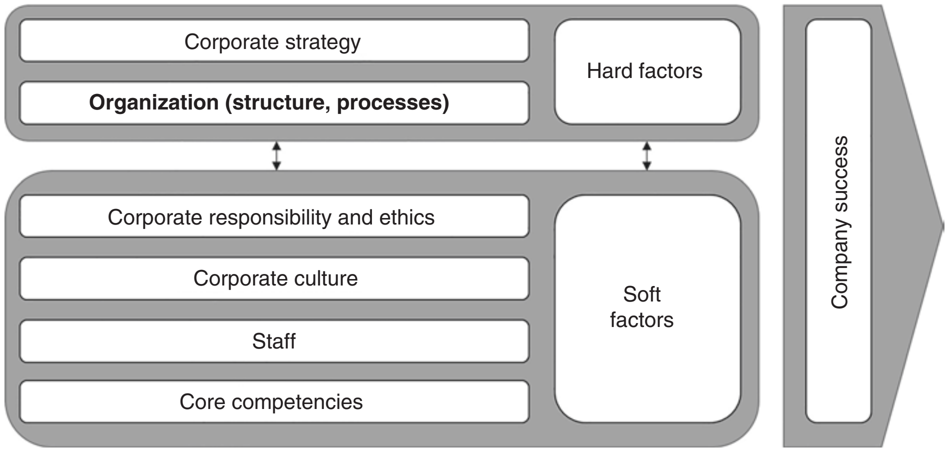

Fig. 27.5 Success factors for project-oriented companies. (cf. Hannibal and Peuser 2019, p. 89)

The corporate success of project-oriented organizations is composed of the individual project successes as well as the long-term success of the entire company. Members of the projects can be internal as well as external project participants. Following the 7-S model of Peters and Waterman (1984), the success factors listed in Fig. 27.5 can be identified for project-oriented companies (cf. Hannibal and Peuser 2019, p. 86).

Core elements of a successful organizational structure of project-oriented companies are (cf. Hannibal and Peuser 2019, p. 86):

- Projects have top priority in the company,
- Project managers are given far-reaching decision-making powers in order to be able to act autonomously,
- Fast decisions and flexibility are guaranteed by flat hierarchies,
- Roles and interfaces are defined – especially if a classic form of organization exists alongside the project organization, a camp formation is to be avoided,
- Project teams are staffed according to skills needed to solve the task,
- The project has the necessary resources at all times.

Based on the S-model by Peters and Waterman (1982), the success factor model for project-oriented companies includes the fact that hard and soft factors influence each other. This means that the success of the project-oriented company is the result of the combination of all factors. For example, in addition to staffing and management at the organizational level, the management concept is also significant. The personnel management should support a corporate culture that is capable of conflict and willingness to change, as well as a culture of error and willingness to cooperate.

The importance of projects is constantly increasing under the pressure of change. Project-oriented corporate concepts are a consistent and comprehensive solution for an agile organizational model. The corporate success of project-oriented organizations is composed of the individual project successes as well as the long-term success of the entire company. The central success factors of project-oriented organizations are a mixture of hard elements such as the organizational structure and soft aspects such as the corporate culture.

27.5.2 Coordination of Flexible Project Networks Through Strategic Project Management Offices

With increasingly project-oriented organizational structures, retail companies should introduce a central office that sets uniform methods and standards for project management and has an overview of the number, changes and challenges of projects. The Project Management Office (PMO) represents such an entity. In the literature there is no uniform definition for the PMO. According to DIN 69901–5, a PMO is a "cross-project support function for the introduction and optimization of project management systems and the operational support of projects and project participants." (DIN 69901–52,009). This view is relatively narrow and focuses on operational tasks of a PMO. The Project Management Institute (2013, p. 10 f) understands a PMO as a structure for standardizing project processes, resource allocation and support in methods for projects. This definition is a comprehensive view of a PMO and ranges from a pure (operational) consulting function to comprehensive (strategic) management of multiple projects. Depending on the respective degree of control and influence, three PMO types are distinguished (cf. Project Management Institute 2013, p. 11):

- **Supportive PMO:** the PMO assists in the successful implementation of the project by providing training, advice and templates. The degree of influence and control is low.
- **Controlling PMO:** the PMO is responsible for quality control and management in the projects. Audits, reporting and reviews are used to monitor compliance with rules and regulations. The degree of influence and control is of medium intensity.
- **Directive PMO:** the PMO takes over the management of all projects in the company. The degree of influence and control is high, as all projects report to the PMO and to both the PMO and the client. The PMO in turn reports to the top management in the company. Directive PMOs also have far-reaching strategic decision-making powers.

According to this classification, a PMO can be anchored at three levels in the corporate structure respectively (cf. Crawford and Cabanis-Brewin 2010, pp. 146–147; Crawford 2002, pp. 13–14):

- **Level 1:** PMO at project or programme level. The PMO is responsible for a single project or program and is used for extensive, complex and long-term projects. It

supports the project management and can serve individual requirements of the respective project. By applying project management methods, repeatability, standardization and comparability within the particular project or program is possible. Good applications for such temporary PMOs are, for example, large events for children in the store at Easter or at Christmas time.
- **Level 2:** PMO at second or third management level (department level). The PMO assumes controlling rather than supporting tasks and is assigned to various projects or programs of a company at departmental or divisional level. It generates synergy effects between departments and ensures comparability and standardization of the different projects. Because of this, the PMO is able to quickly identify conflicts in resource management and solve them by reallocating resources. Usually such PMOs are assigned to departments that have many projects. For example, a PMO at this level can be used for projects to introduce online services in several salesrooms of different branches.
- **Level 3:** PMO at first management level or as a staff position (corporate level). PMOs at the highest level are also referred to as Strategic PMO (SPMO) or Enterprise PMO (EPMO). An SPMO is responsible for all projects in the company and sets guidelines and standards for project management in general in the organization. Because of the overarching scope of an SPMO's responsibilities, it can be referred to as portfolio management, where the SPMO is responsible for selecting, prioritizing, and managing all projects relevant to the organization. In this position, the SPMO serves as a link between strategy and project portfolio and enables the alignment of all projects with the corporate goals. In this respect, an SPMO is also a tool for implementing the strategy throughout the company.

Companies with a high degree of maturity in project orientation often have an SPMO (Level 3), while companies with a lower degree of maturity mostly have only temporarily formed PMOs that only support individual projects (Level 1) (Crawford 2002, p. 16). Smaller and medium-sized companies can be well relieved by PMOs with a support/assistance function (Level 1). For example, it is conceivable that the PMO takes over the planning of meetings, the ordering of materials or classic administrative tasks. Furthermore, PMOs at level 2 are suitable for the coordination of ever new projects, while SPMOs seem most appropriate for larger companies or company networks with many different projects. SPMOs have the responsibility to provide and manage the necessary skills and methods for agile approaches and change management. In doing so, the SPMO needs the full support of top management to enforce the necessary changes in the organization.

A study by GPM in 2013 shows that the number of PMOs per organization generally increases with the number of employees. That is, organizations with 1000 to 10,000 employees have an average of 2.3 PMOs, while companies with 10,000 or more employees have an average of 7.4 PMOs. According to this study, companies in the "manufacture of motor vehicles" sector have the most PMOs (9.3), while companies in the "trade and transport" sector were calculated to have an average of 1.4 PMOs per organisation (GPM 2013).

Project-oriented corporate structures are a promising solution for more agility in retail companies. The high number of projects within the company as well as the cooperation in networks can be controlled with an SPO. The SPO is a link between the corporate strategy and the projects/project networks, so that all participants can act flexibly while aligned to a common goal.

27.6 The Most Important Results in Brief

- Every organization consists of an organizational structure and a process organization. Both parts must be coordinated with each other in order to achieve the company's goals.
- Classical forms of organization offer stability for handling routine tasks. Fast and flexible structural reactions to changing customer requirements are largely impossible. Even selective additions to the secondary organization do not offer a comprehensive solution for more agile organizational structures.
- Changing customer demands in the VUKA world are forcing retail companies to develop innovative business models and new store concepts. VUKA stands for Volatile, Uncertain, Complex and Ambiguous and describes today's environment for companies.
- The incorporation of agile values into the structure of retail companies results in an agile organizational design on the levels of basic concept, decision, processes as well as culture and mindset. Employee competencies/communication, rapid offer development, customer needs/cooperation with the customer and flexibility are at the forefront of agile organizational concepts in retail.
- The integration of agile values in organizations requires the right mindset. Only a growth mindset on an individual and organizational level enables agility in the company with a constant willingness to change with a focus on the customer, fault tolerance and lifelong learning.
- Dual organizational forms are a way to design agile corporate structures. The dual company consists of a classic, hierarchically structured area that ensures stability and security and a network-oriented area that acts flexibly through innovative projects. Both areas complement each other and report equally to the top management of the company.
- The Chief Entrepreneur or the Chief Digital Officer should be mentioned as steering bodies at top management level for the joint orientation of all participants in a dual form of organization. While the Chief Entrepreneur is still a rather visionary idea, the function of the Chief Digital Officer already exists in retail companies.
- Project-oriented organizational concepts also represent agile forms of business. With increasing pressure to change, the importance of projects in retail companies is growing. Selective projects are no longer sufficient to achieve comprehensive flexibility throughout the company. It is necessary to align oneself project-oriented and to adapt the corporate structures.
- The control of project-oriented companies succeeds through the use of PMOs. In particular, strategic PMOs (SPMOs) at the corporate level with authority to issue directives across all projects in the company and with network partners ensure that corporate strategy and project goals are interlinked.

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Customer Centricity as a Management Guideline

28

Johannes Ceh

Abstract

According to a study by Capgemini, 75% of companies claim to be customer-centric. But how many companies really are? Not even a handful (Taylor et al. The Disconnected Customer. What digital customer experience leaders teach us about reconnecting with customers, Capgemini Group, Paris, 2017, p. 9). Where is it often lacking? In holistic consistent understanding. Organization and culture. There are only a handful of German companies which I would classify as truly customer-centric. Why? Because – as is so often the case – many companies are not concerned with customer experience. They are not about the customer. Not about the human being. They are simply about selling. Of software. Of trade show tickets. Whatever. Of course, selling is essential to the survival of any business. But at what cost? And isn't there more?

28.1 Humility in the Encounter with the Customer

My experience: With all the hype about customer experience, there is little humility. Of the customer. Of the human being. Yes, even before the employee. Instead, a lot of phrases like "I already understood everything anyway" and "Don't tell me anything." Studies such as the one by Capgemini show time and again that almost every company considers itself to be customer-centric, but the proportion of its own customers who feel the same way is

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vanishingly small. In connection with this, the ideas of what customer-centric actually means are also very different. While one company is just trying to introduce CRM again, the next has 30 Adobe specialists freshly deployed. Where there is usually even more lacking in Germany: The translation of customer centricity into organization, culture, people. While this perspective has been common in the USA for years and is considered central, German companies still tend to focus on NewWork initiatives far removed from value creation. Instead of breaking down the concrete support for employees: What exactly does customer centricity mean specifically for my tasks here and now? How does it pay off? Do my (old) familiar KPIs associated with it even make sense anymore? Am I allowed to question them if necessary? Which frameworks make sense instead?

It seems to me that marketers who rave about Customer Experience are looking through "Google Glasses" and trying to understand their customers through them. There's nothing wrong with that. On the contrary. There's definitely room to expand your horizons with new tools. But there is clearly more. It seems to me that users of such tools get so excited about it that they forget that it's about people. About the true, sustainable creation of added value – for companies, employees and customers.

It is important to understand that customer centricity not only has an external effect, but also an internal one. It also contributes significantly to the motivation of the company's own employees: At companies with a high level of customer focus, as measured by customer experience (CX), 80% of the workforce enjoys working, according to a study by the Temkin Group, compared to only 50% at those with average CX (Temkin Group 2016). Employee motivation and customer success go hand in hand: The Dutch bank ING has therefore already anchored customer centricity as a fixed component of employee goals in 2010 and thus motivates all employees to bring products and services ever closer to the measured customer wishes with agile-iterative processes. With impressive results: Since 2014, the number of primary customers has increased by 25%.

28.2 The 7 P's of Customer Centricity

But how can a company strategically align itself to delight customers?

With the 7Ps, a toolbox has been created to help with this, which combines the system, process and leadership levels (Fig. 28.1).

28.2.1 P #1: Paradigm

The first of the 7 P's makes the scope and depth of the necessary change clear. Customer centricity – as it is understood here – means a fundamental paradigm shift: from a focus on products to a focus on the customer. This is a strategic transformation that must take place both externally and internally; using all available means, specifically including the opportunities created by digitalization. That is why customer centricity can only be

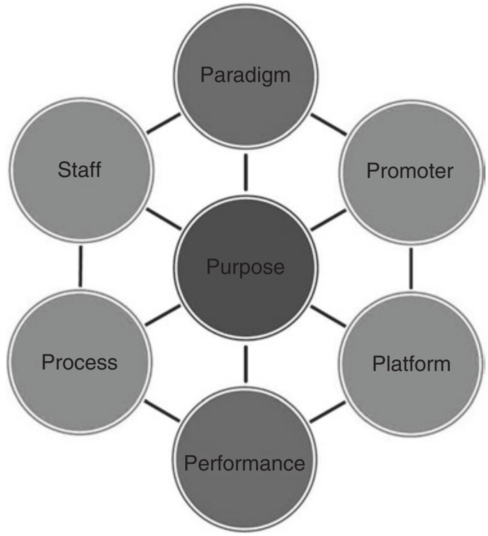

Fig. 28.1 The seven P's of customer centricity

established at the very top of the company, at the board of directors or owner, if it is to be sustainable.

The paradigm shift takes time: time that managers must allow themselves and their teams to exercise the muscles of empathy, networked thinking, and so on. The internal exchange of experience helps here, and this should be encouraged wherever possible. A look at how start-ups and particularly customer-oriented companies optimize access to their customers, employees and resources is also instructive for their own realignment.

Managers should also try to learn as much as possible about their customers and competitors. As an initial source of information, it is advisable to use social listening, a tool from marketing that identifies, analyzes and evaluates what is written about a company, product, brand or individual on the Internet, especially in social media. Although this may not sound like strategic transformation at first, this information gathering is nevertheless crucial: the better they understand their customers, the more specifically companies can respond to them.

28.2.2 P #2: Personas

The second P stands for the aggregation of all information about customers in the form of personas: this is also a marketing tool that has gained notoriety through the popular Design Thinking. Put simply, this is aggregated data that is personalized to make it more tangible, i.e., it is given a name and attributed characteristics along the lines of: "tends to work as …," "likes music by …."

One can argue whether personas are a contemporary form of processing. After all, which person can be lumped together with another? However, there is no more practical alternative for the preparation of customer information. And despite all the generalization, personas have the advantage that they make it easy to think along with the customer – in a concrete and comprehensible way. Diffuse sentences such as “the market wants this” become obsolete.

It makes sense to distinguish different personas according to the intensity of the relationship with the product/company: for example, “prospects” (people who have never bought before), “buyers” and “repeat buyers.” It is also advisable to hang up such profiles openly in offices for all to see and to address them regularly; after all, customer centricity affects the entire company.

Everyone involved should have these profiles in mind as a point of reference and always ask themselves as a team when making decisions:

- What would customers/the different personas think?
- What would customers/the different personas do?
- What would customers/the different personas value?
- What can I do for a better customer experience?
- Would I do that to my mother?
- How do we solve this challenge together?
- What is the specific “job to be done”?

28.2.3 P #3: Promoter

The third P refers to a new understanding of the role of employees. They are the most important starting point for customer centricity, because ultimately it is the employees who shape the relationship with the customers. To strengthen them in this role, it is advisable to nominate so-called customer ambassadors in all teams: These are employees who are particularly capable of dialogue and exemplify customer contact, both externally and in the office, who have an affinity for social media and think in service-oriented terms. It’s less about performance and knowledge and more about a kind of host quality or something that used to exist in corner shops: something that is hard to grasp but gives the customer a good feeling.

You can’t prescribe the behavior that goes with it. Even a Chief Digital Officer or Chief Customer Officer, whose job it is to ensure a good customer experience, can ultimately only be a bridge to empowerment and personal responsibility. For it to take hold in practice, people need role models who can exemplify it and from whom they can learn. Especially for companies whose core business has so far taken place in branch offices and which are now expected to interact more digitally with their customers, customer ambassadors are therefore a central key. They make digitization more personal. However, it would be wrong to project the entire customer centricity onto this one person, according to the motto: “He’ll do it.”

What is more important is to find a way to make customer centricity broad-based and to involve as many employees as possible. Managers can contribute to this themselves by consciously seeking the advice of their employees when making decisions, preferably also from colleagues from other areas. By sharing a common view of the challenge and the customer, they encourage empathetic engagement with the customer's needs and concerns – and how best to serve them. The different perspectives complement each other and lead to challenges being solved more easily together.

28.2.4 P #4: Processes

The biggest barrier to customer centricity is departmental thinking, where influence and responsibility are often more important than optimal processes. Every opportunity to bridge these silos and simplify processes and make them more customer-friendly should therefore be used. In marketing, this is referred to as "growth," a collective term for methods that are suitable for expanding relationships with customers. A typical example is the evaluation of data from different sources for a better customer experience. However, growth can also take place in an analogous way, for example through employees (often referred to as growth hackers) who generate growth by thinking beyond established structures and cooperating well with other departments – and in this way fulfil customer wishes that cannot be fulfilled officially. Be it a special piece of information or a personalized newsletter that better addresses a customer group and thus ensures that the company has more registrations for an event.

Such initiatives need backing and support from management. Otherwise, there is a great danger that they will become a stress factor – and quickly fade away because the commitment does not pay off for those involved. This makes it all the more important for managers to identify and support growth hackers. They should also listen carefully to what information, personal commitment and ideas are already there to achieve greater customer centricity. Cross-departmental learning plays a particularly important role here. The more people know about each other, what they do, what their work contributes to, and how they ultimately work together for the customer, the more their work makes sense for everyone involved, the more motivated they are as a result, and the more likely they are to contribute their own ideas.

When designing processes, the focus should always be on excellent service and high-quality content – for customers and employees alike, because employees are customers too and appreciate offers that cater to their needs. For example, when merging areas: Here, for example, it helps immensely if the specialist departments prepare and prepare urgent questions such as "Who can I contact about my move?" in such a way that those affected can solve their problem as quickly as possible. Such experiences can be an inspiration to make things as easy as possible for customers, too.

28.2.5 P #5: Platform

Probably the most neglected tool for the sustainable success of a company is CRM. While e-commerce and social media came to the fore in recent years, the classic tool for maintaining customer relationships lost importance. Partly because CRM in its original form stood for a type of customer relationship that was exclusively designed, or rather controlled, by the corporate side. A reflection of Taylorian management understanding.

Today, CRM can form the backbone of a customer relationship at eye level, provided it is linked to a holistic strategy. For sustainable business models such as subscriptions, a stable CRM is even indispensable. In times of the GDPR, stable means above all that it must be clear which customers can be contacted and how.

What sounds like a limitation can also be seen as an opportunity to focus on the people who have already actively shown interest in the company. Companies spend up to 95% of their marketing budget on convincing people of their company. People who have already had dealings with the company are usually more likely to appreciate a targeted approach. In addition, a tidy CRM is a good starting point for setting up and expanding customer platforms. The leading question here is: With which service can we additionally support the problem solving of our customers?

28.2.6 P #6: Performance

The way in which performance is understood in a customer-centric company also differs from the classic focus on key figures. The success of marketing, sales and communication measures is primarily measured by the extent to which they actually help them in their contact with people. Customer satisfaction should therefore become a KPI for evaluating teams. Of course, the influence of this factor must be weighted according to the situation. But if the overarching corporate goal is to optimize customer contact, this must also become a hard measurement factor for success.

This can make a big difference in the choice of resources. Experience shows that there is a certain infatuation with technology and products in companies. What seems “hot” and innovative is prioritized. But this does not tell us whether it really helps – and whether something else might not be much better suited to shaping success in the market. Sometimes a simple but sincere phone call (“Thanks for buying from us!”) is more effective than any sophisticated high-tech campaign.

Here, too, dealing with one’s own employees is the first step to improving the way one deals with customers – and ultimately performance. The telecommunications provider Sipgate, for example, has intensively dealt with both employee responsibility and market focus and recognized that one is not possible without the other. Consequently, all information about customers, business success, etc. is made transparent for everyone in order to enable employees to think and act consistently from the customer’s perspective.

28.2.7 P #7: Purpose

The seventh P, and the heart of building relationships with customers, is Purpose. It is important to understand this: This is not about an individual's Purpose, but about something in common that connects employees and customers. Leadership in this context means understanding and ensuring that employees and customers are not in competition with each other. They do not take anything away from each other. On the contrary: they stimulate each other. If you want enthusiastic customers, you need enthusiastic employees. Because the employees are the living face in customer contact.

All the more important is a framework in which the activities and resources make sense. A shared idea of what added value can be delivered to the customer. It is the task of leadership to ensure that such a framework exists and that the service promises it contains are actually fulfilled. With this shared purpose, providers can make a difference, even in a market environment in which Amazon has set a benchmark with its "One-Click Dash Button" that hardly any competitor can match in purely technical terms. This difference lies in the personal quality, the enthusiasm that gives customer contact a human face. The key to this is motivated and empowered employees who understand the added value for their customers as a common goal.

The conscious use of social selling can be an essential part of this. This does not mean a 5-h crash course on LINKEDIN, but the conscious and targeted empowerment of employees on social media in unison with customer centricity. Away from a CEO as a personnel brand to a transformation of the organization with the help of social.

The customer takes notice of what we say. He takes it seriously. He measures us against it. And he complains. So if companies only individualize their communication in order to sell the same products and services as before even better, the customer notices that. No one wants to be sold a product that doesn't suit them at all. In times of customer experience, the legitimate question is: Why am I being offered this product in the first place?

No matter how adorable the content is, and no matter if I'm invited for coffee at the store, the basic needs are simple: I pay for a phone because I want it to work. I want someone to take care of it when it doesn't work. And be honest and fair with me in the process. I don't care about confetti during unboxing. No popcorn. No cotton candy. I don't want a stomachache. And I don't want stomachaches for my clients and their clients. People care about the meaningful use of their time. Of their money. Of their resources. This is the standard that companies must live up to. No matter if they are called Amazon, Ford, Almi Kräuterbutter, Meister Proper or Bundesgartenschau.

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Johannes Ceh is a social entrepreneur and executive companion. As founder of the social impact initiative “Our Job To Be Done,” he encourages a constructive approach to the challenges of our time with various formats (such as his weekly podcast of the same name). He supports decision-makers in addressing technical and organizational challenges proactively and appreciatively with employees and customers. Johannes Ceh empowers joint, solution-oriented action and makes its successes visible. Executives and employees are strengthened “on the job” in their competencies and their actions. Short-term success becomes sustainable value creation.

Culture Change: Challenges and Success Factors for Digital Transformation

29

Svenja Reinecke and Tobias Krüger

Abstract

In December 2015, the shareholders Dr. Michael Otto and Benjamin Otto, as well as the seven members of the Executive Board of the Otto Group at that time, appeared before all employees of the Group. In doing so, they initiated the most far-reaching change in the company's 70-year history: Kulturwandel 4.0, which calls for and promotes a rethinking of previous ways of thinking and behaving in order to sustainably change the way we work (together) in the Group and to ensure its success. Kulturwandel 4.0 requires strength to endure all the uncertainties and challenges that are inevitably embedded in the process. This article describes the approach to such a comprehensive change process and the associated challenges, as well as outlining initial best practices and insights regarding possible success factors. It becomes clear that the digital transformation entails far more than technological changes. This is also described using the example of stationary retail.

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29.1 Culture Change in Response to Digitalisation

29.1.1 Facing Complexity with Appreciation

The change triggered by digitalization is being felt in almost all areas of life. Business and the world of work in particular are faced with the challenge of responding to the rapid changes – and doing so quickly and in an interdisciplinary manner, because digitization is far more than just technological change. Meanwhile, the connection between cause and effect is becoming increasingly blurred. What remains is complexity. We need to approach this with appreciation instead of fear.

The Otto Group's Kulturwandel 4.0 focuses on precisely this. It thus forms the foundation for the Group's continued economic success, because there is no 'either culture change or success', there is only 'success through culture change'. At the end of December 2015, the members of the Group's Board of Management and the Group's shareholders went before all their colleagues to ask the crucial questions of today: Why should our company exist now and in 20 years? How do we really want to be and what determines our actions? How do we want to work (together) and shape our future? The open process initiated on this day pursues differentiated projects: dissolving traditional ways of thinking, tearing down silos, strengthening networking and knowledge transfer, always placing the customer at the center of all activities. At the heart of Kulturwandel 4.0 are the changes in inner attitudes and behaviors. This requires a holistic approach – interventions at the level of the individual, the group and the organization.

29.1.2 Fundamentals for the Successful Implementation of Culture Change

A change in corporate culture cannot be delegated with "Well, then do culture change" – at least if you understand this to mean more than a nice togetherness and fancy offices. Because it's already becoming clear that these profound changes aren't done with a few strategic concept papers and a foosball table in the office. If you want to react quickly in a digitalized world in the midst of a platform economy, you need new working methods, effective collaboration and interpersonal networking.

It's about saying goodbye to the classically proven and minimizing the principle of error avoidance, the drive for perfection and optimization, silo thinking, hierarchies and rigidly defined processes with long decision-making paths. This may have worked well in the past – in a world where cause and effect were still directly related. But today we are experiencing a profound disruption of existing structures and processes. The world is complex and interconnected. Anyone who reacts to this from a classically hierarchical company is simply too slow. It is necessary to build and strengthen meta-competencies in order to be prepared for the unforeseen.

29.1.3 Leadership in Culture Change

Wherever a new way of working together is to emerge, a rethink and a transformation of the inner attitude is needed, first and foremost from the management of the organization. Only with their full commitment and the visible example of change can it be possible to activate all employees and create a non-negotiable framework in which culture development can take place.

The decisive factor here is the willingness at all hierarchical levels to question traditional patterns and to enter into an open dialogue. At the beginning of the process, the company's management should publicly and credibly declare itself in favor of a so-called exploratory phase of culture change and accordingly legitimize employees for the implementation of this. What challenges are we facing? What works well, what do we still need to practice? How do we want to evolve? The phase can be very uncomfortable, because it is about facing the "truth of the situation." At the same time, the phase is very valuable, because finally, in spaces created especially for this purpose, behaviors become visible here or even put into words that were never expressed in the past.

Managers are challenged to transform traditional leadership and collaboration patterns – where they still exist – into a new openness. This involves a loss of control, which must be accepted as a gain. Openness allows the participation of all employees and is thus the basis of any innovation.

It is true that the culture of an organisation is shaped by all its members – the leaders at the top, the managers and also the employees. But there can be differences in the weight of influence: In an organization, what is most relevant is what has consequences – and the greatest visible impact comes from decisions made at the top. Therefore, the question is what messages the top management consciously or unconsciously sends. How do the "powers that be" behave? Do they appear close or distant? Is contact with them straightforward or formal? Which topics are important to them?

This confrontation requires the leaders' ability to redefine themselves and to endure fears and concerns. Questions a leadership team should ask themselves include: How do we need to visibly change? How will we work together in the future? How transparent are we? Are we enabling and empowering our employees enough?

Provided that such an example is set by the managers and curiosity and the desire to set out are spread, a top-down process should be supplemented by a bottom-up process. Ideas can then be driven forward in the spirit of digitization – quickly and, above all, where competencies lie. The use of collective knowledge, trust and the delegation of decision-making power lead to the absorption of speed and thus promote economic success.

In order to support managers in their development processes, communities have been formed at the Otto Group, for example, in which challenges and experiences of the new management roles are discussed and learning from each other can take place in order to integrate this new understanding of the role successfully and sustainably into the organisation. In addition, there are various cross-hierarchical and interdisciplinary working groups that deal with the major substantive issues of culture change. Here, everyone from trainees to the Group Executive Board is involved, in accordance with the principle of voluntariness. In the joint work, the qualifications available in the group become visible and synergies are used in a new way. An organizational unit called the "Agile Center," which was installed in the culture change process, acts as an internal consultancy that trains managers and teams in agile methods and accompanies them in their team developments. Special formats dealing with the topics of courage, failures and corresponding experiences and learning effects, such as the widespread format of "FuckUp Night" or the "Courage Festival," promote the company-wide culture of mistakes. In addition, there are analogue meeting events as well as video formats with the Group Executive Board, which leave plenty of room and freedom for participation and unfiltered questions. One thing in particular becomes clear here: change, and thus cooperation, is about developing the quality of relationships. This can only change if management and employees participate in the process together.

29.1.3.1 Participation: Change Is Made by People

In order to actually involve all colleagues and empower them to live and drive change in their sphere of influence, further, heterogeneous participation formats are needed. At the Otto Group, a digital, collaborative platform on the Group-wide intranet offers these opportunities for maximum participation. Here, the focus is on user-generated content. This means that the platform is filled with content from the workforce. All facets that make up Kulturwandel 4.0 at the Otto Group become visible there. Everyone has the freedom to actively contribute and help shape the content – there is no editorial curation or approval of contributions. The topics range from workshop ideas, lateral leadership and mindfulness to virtual teamwork and feedback.

In addition, several hundred interdisciplinary methods and tools, so-called workhacks, are collected on the platform. They help in everyday work to solve a problem, to achieve a goal in an unusual way or to increase effectiveness and efficiency – from a small trick in Microsoft Outlook to a department-wide agile workshop. The workhacks are also uploaded, rated, commented on and shared by employees.

In addition to the central digital platform, there is also the concrete scaling of the impetus for change through distributable products. The goal is to create concrete added value and to integrate culture change into everyday life. For example, event or workshop concepts for implementation by multipliers, process documentation, information materials and infotainment offerings such as animated explanatory videos or entertaining interview formats can be easily distributed.

The digital platform and the distribution of concepts and impulses are based on a conviction: Digital change will only be successful if it is made by people. As a rule, these people know exactly what works or no longer works in today's world. For example, employees – all of us – repeatedly clearly identify the areas of action that need to be mastered, and yet far too often we fail with change processes and initiatives. This is not because we do not cognitively understand the need for change, but because we are not willing to question our own patterns and attitudes. In essence, change is not a matter of the head, but of the heart.

To follow the impulses of the heart, one thing is needed: courage. Courage is probably needed for every change process, and the communicative approach to courage is also a suitable method for operationalizing the abstract construct of "culture change." After all, courage is an important value in digital transformation. It is important to invite employees to try out new things, to get involved, to bring ideas or innovations to the table and thus strengthen a culture of experimentation.

29.1.4 Challenges in the Culture Change Process

Culture change means strength and perseverance for everyone and the realization that organizational transformation is a process that combines challenges, uncertainties, but also success and satisfaction.

The degree of culture maturity and the speed and readiness for change of the companies in a group pose a particular challenge. If you look at individual areas or teams in just one organization, the diversity and complexity of the culture structures there already becomes clearly visible. For example, heterogeneous formats are required for employees in administration, for commercial employees in logistics or in customer service. Culture change begins in the respective realities of life – so no one who centrally manages a culture change process can be the expert for these countless processes. The Otto Group's central Kulturwandel 4.0 team at holding level creates a framework and sets the course in which individual and necessary changes can then be lived. Local, interdisciplinary culture change teams, which are legitimised in their Group companies by the respective management, drive the individual processes forward, because there is no one culture change that fits all. Everyone is invited to change exactly what is lacking for sustainable work in their own sphere of influence.

This awareness is accompanied by the insight that culture change is difficult to measure. It is about the change of relationship qualities between individuals. At the same time, these are only snapshots. The process itself lives these newly developed qualities and is influenced by them. For example, an employee survey may show that the expectations of employees have increased; for example, they are more critical of leadership behavior than they were 2 or 3 years ago. This means that standards shift individually – which is obvious and desired and therefore does not allow for comparability or quantification.

However, in order to ensure a common orientation in the change process and to allow energy to flow in one direction, it is advisable to have a common mission statement, a purpose, which at best emerges participatively from the middle of the team. Such a mission statement is brought to life through the activities of culture change. A value-oriented foundation for the goals of the change is made possible.

29.1.5 Overcoming Systemic Boundaries

Despite all decentralization, holism, simultaneity and a shared responsibility nevertheless play a decisive role: It is worth formulating rules of the game at this point, such as: "Everyone has the opportunity to express their views and be heard. They do so voluntarily. And they know their needs." In this way, the people who really want change and have energy for change within them also become visible all by themselves. With these energetic pioneers, initial issues can be effectively kicked off without further ado. In order to upload the energy of the change process at the beginning, one should not try to convert doubters and sceptics.

However, if one takes a look at the system according to which an organization functions, strategic supporters should be involved, for example from the areas of human resources development, organizational development, works council, internal communication and other key functions. Only in this way can it be ensured, in the sense of sustainable change, that valuable impulses or initiated projects with a disruptive character are transferred to the regular organization at an appropriate time and thus become a self-supporting element in the existing system of the organization. By anchoring them in existing processes and handing them over to the functional areas, which are considered the "natural owners," created spaces can be held, changes can be ritualized and new methods, such as agile processes, can be institutionalized. In addition, all key functions and individuals who are involved at an early stage and share in the initial successes of the culture change ensure the desired multiplier effect.

These modifications of the existing system of an organisation are elementary – because even the existing culture structures and behavioural patterns are not in a vacuum, but are shaped by the superordinate system in which they are anchored.

In a system, all parts always behave "sensibly" – each part adapts to the other, so that subjectively reasonable action is taken. Such behaviour provides security and safeguards the learned process. Thus, to create change within this system, the system itself must also be changed: The key to successful transformation lies in the institutional framework, as this has a direct impact on the behavior of organizational members. People behave in a way that makes perfect sense from their situation because the framework of their actions and the standards by which they are measured – for example, target agreements or bonus systems – make precisely this behaviour appropriate and advantageous. Here it becomes clear what power the rules of the game set in an organization have. In this respect, the question is: How would the framework conditions have to change so that the behaviour desired by the organisation also becomes subjectively meaningful and reasonable for the employees? Which multipliers and key persons must be activated for this?

If these steps are not taken, a culture change and the employees who are willing to change quickly reach their limits. It is therefore necessary to understand the inner logic of today's habits within the framework of an exploration of the organization in order to change the framework conditions in a targeted manner so that the new desired behavior appears to make sense for the individual and is thus encouraged – but also challenged by new framework conditions. In order to break up the system at certain points along the way, hierarchy-free spaces, activities in communities and interdisciplinary working groups as well as innovation hackathons or similar can be created. Here, courage and willingness to change are trained and boundaries are gradually loosened. Because the described work on the system is tedious and the power of habit is strong.

29.2 Potential for Stationary Trade

29.2.1 Culture as a Decisive Competitive Factor

The (further) development of common values of cooperation, the opening of free spaces for co-design as well as the inclusion of employees in decision-making processes can mean enormous potentials, also for the success in stationary trade.

The more comparable the service, the more the culture becomes a decisive competitive factor – for applicants and business partners as well as for employees and customers. Even in stationary retail, cooperation is more pleasant when silo thinking is broken down, a healthy relationship level develops and successes are strived for and celebrated together. The use of new synergies can contribute to the solution of many problems. Competitive thinking, insecurities or even fears can be dissolved so that a culture of mutual assistance and support in everyday operations can be created. Through open feedback, employees can develop individually and build trust in their colleagues and managers. Loyalty to and identification with the employer increases.

In this way, problems arising from processes that need improvement can be overcome through trusting cooperation. Frictionlessness creates more efficient cooperation, which can even compensate for possible deficits in staffing levels, for example when employees are ill or in very demanding phases. An attractive corporate culture is capable of retaining valuable high performers and high potentials in the long term as well as sustainably increasing intrinsic motivation.

29.2.2 The Combination of Offline and Online in the Store

A culture change can have a positive effect on the innovative strength of stationary retail. This is shown by the following example of an Otto Group company.

With around 35 million customers in 30 countries, the Hamburg-based company Bonprix is one of the leading international fashion providers. In February 2019, a pilot branch was opened in Hamburg's city centre, which would probably never have existed without courage and changes in cooperation, short decision-making processes and novel forms of collaboration.

Under the motto "fashion connect," the pilot store combined the advantages of stationary retail with the benefits of online shopping. The focus is on the consistent orientation to the needs of the customers. The result is a new type of digitally supported shopping experience in which classic weaknesses of the retail trade such as ransacked store shelves, narrow and possibly unfavourably lit cubicles and long queues at the checkouts are remedied by technical innovations and the linking of online and offline worlds. To ensure that the handling of the technical innovations succeeds without hurdles, the Bonprix app represents the central link in the pilot store. Like a personal digital shopping companion, it guides customers through the store from start to finish and is both an entrance ticket and a remote control. The customer uses it to check into the store, scan the items and select the sizes she wants to try on. The selected garments are placed in the app's virtual shopping bag and made available directly in a reserved fitting room.

In addition, each item of clothing is only presented once on the shop floor, so that the store is more like a showroom and the fashion can be staged accordingly. Untidy shop shelves and the search for the right size are a thing of the past here. The fitting rooms have also been redesigned to make trying on clothes a real experience. After scanning the desired items via app, a cubicle is reserved and prepared for the customer. In the meantime, a drinks bar can be visited. The booths are spacious and provide a special atmosphere with pleasant ventilation and four selectable lighting scenarios. A large display mirrors the contents of the Bonprix app and shows the next steps. If an item of clothing does not fit, another size can be ordered directly in the booth via contactless. Anyone who wants personal advice or needs help can call a store employee at the touch of a button.

Once a customer has decided on an item, she can choose from various payment options. To do so, she simply leaves the changing room with her desired items, and the virtual shopping bag in the app updates automatically thanks to state-of-the-art RFID technology. RFID stands for "radio-frequency identification" and enables automatic and contactless identification and localization of objects with radio waves. The customer can pay via PayPal directly in the app, by EC or credit card at the self-check-out or, if desired, with a member of staff at the cash desk. An additional unsecuring of the goods is not necessary.

From entering the store, to selecting the clothes customers want to try on, to trying them on, to contactless and cashless payment, Bonprix thus relies on intuitive technologies (Fig. 29.1).

For Bonprix, the "fashion connect" store is an experimental "shopping experience laboratory." After a conception and test phase of around 2 years, the focus will remain on the further development and continuous improvement of the shopping experience after the opening. The store also plays an important role as a test project for the entire Group. The opportunities of digitization can be transferred here to the stationary offline business in a protected space, so that learning effects also arise for other Group companies and at the same time a new form of cooperation and use of synergies is lived – even beyond Group boundaries; because the pilot branch supports the cross-sector networking of innovation managers and retail experts, as store visits by external parties are regularly requested.

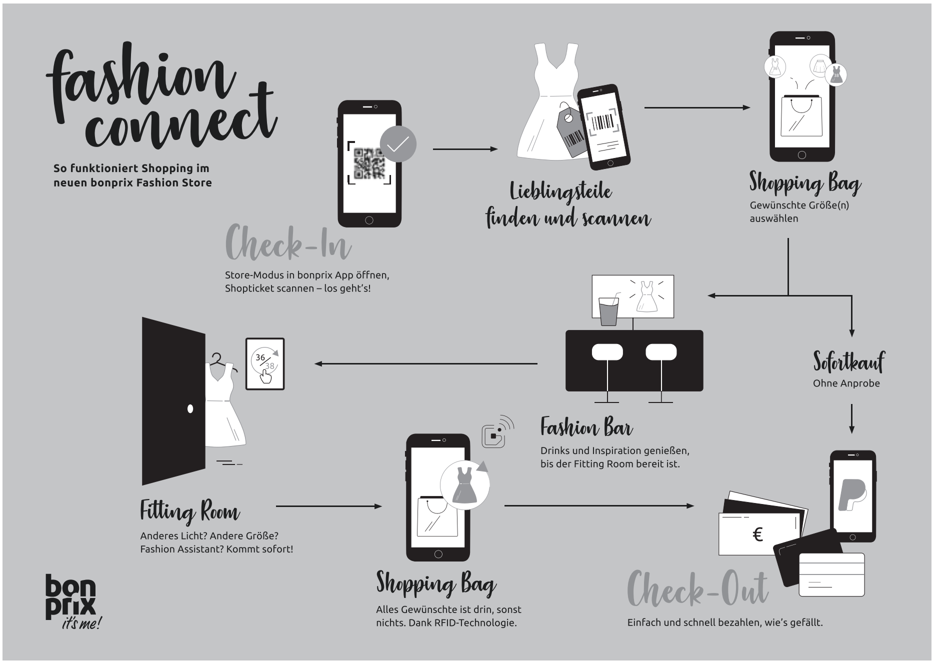

Fig. 29.1 Bonprix fashion store

In order to ensure a smooth shopping experience, the employees on site are faced with the challenge of inspiring the customers for the new technologies. In this environment, they themselves learn to be courageous as well as open to mistakes. Curiosity and the fun of trying things out are encouraged.

All decision-makers in the Group are aware that such a pilot project would not have been implemented with such speed and innovative spirit without Kulturwandel 4.0.

Svenja Reinecke is Communications and Transparency Manager in the Otto Group's Kulturwandel 4.0 team. After working in event management and online marketing, since 2017 she has been responsible in particular for communications consulting for Group companies on the topic of culture change as well as user-generated communication about the transformation process on internal platforms.

Tobias Krüger is considered one of the experts in the German-speaking world when it comes to the topics of digital transformation and culture change. He works as an author, speaker and process facilitator. In addition, as Founder and CEO, he has created Hello.Beta, a place where social issues surrounding the challenges of digitalization have found a home. Tobias combines the experience of more than 50 strategic projects with the operational experience as a long-standing Division Manager of the Otto Group's Culture Change 4.0 process. In doing so, he has worked beyond the boundaries of the company and established the networking of a wide range of companies on culture change. This has given Tobias insight into the transformation processes of many hundreds of companies in German-speaking countries. This has decisively broadened and sharpened his view.

30 Culture Change 4.0: The HEINE Transformation in the Digital Age

Jürgen Habermann

Abstract

This chapter deals with the digital transformation of Heinrich Heine GmbH in the period from 2015 to 2019. The question is how relevance can be achieved sustainably with female customers – and this in a competitive environment characterized by GAFA companies. In this article, the main measures of the implementation are described, evaluated and, finally, the learnings of the digital transformation of Heine are summarized.

30.1 Company

Heinrich Heine GmbH was founded in 1951 by Karl Heinrich Heine in Karlsruhe. Since 1976 HEINE has been wholly owned by the Otto Group. Traditionally, HEINE was a catalogue specialist mail order company for both fashion and living ranges. HEINE is active in Germany, Switzerland, Austria, France and the Netherlands. The typical HEINE customer is around 55 years old. HEINE currently employs around 350 people in Karlsruhe.

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30.2 Initial Situation

At the beginning of the 2000s HEINE was highly profitable and one of the Otto Group's most successful holdings. The transformation of the European mail order business from a catalogue-driven to an online-driven business model also had a significant impact on HEINE's business development.

Despite a variety of strategic realignments, new concepts and new measures, considerable sales losses and thus also declines in earnings had to be accepted. In 2014, the task – with still positive EBIT contributions – was to examine the future viability of HEINE in the Otto Group and, in the event of a positive assessment, to realign it for the future.

The biggest challenge for medium-sized retailers of the size of HEINE is to find an answer to the question: How do I achieve lasting, sustainable relevance with my female customers in online business when direct customer access is dominated by the GAFA companies (Google, Amazon, Facebook and Apple)?

Currently, two basic directions can be derived for online retailers, which are promising for sustainable success for retailers in the future:

1. Further development into a platform comparable to Amazon, Zalando, Otto or Aboutyou. In addition to its own range of goods, the platform will also be opened up to other providers – retailers and manufacturers. Furthermore, there are attempts to monetize the platform frequency, for example through advertising by other providers. However, this requires a certain size (in my opinion > €1 billion in sales) and, above all, a considerable investment volume. Neither of these was available for HEINE.
2. Further development into a product brand that operates its own sharply profiled business-to-customer (B2C) business and, in a second step, also offers its own product on the above-mentioned platforms.

30.3 Fundamental Strategic Realignment

In a 3-month strategy project – also and especially on the basis of intensive quantitative and qualitative customer surveys – a strengths-based realignment was developed and positively evaluated by the shareholder. At this point in time, HEINE was already a product brand with an own brand share of approx. 65% in the fashion assortment rather than a dealer of external brands. In addition, the company already had a functioning supply chain which, with a sourcing share of over 50% in the Far East, was already generating gross profits comparable to product brands.

However, the decisive factor in the decision to position HEINE as a product brand was that over 70% of HEINE customers already perceived HEINE as a product brand.

The strategic implementation of the realignment was divided into three phases:

30.3.1 Stabilisation Phase

In the stabilization phase, which was planned from 2015 to 2016, the strategic packages of measures were developed and implemented. At the same time, the organisation was quantitatively adjusted to the size of the company as part of a restructuring process. In this way, it was possible to secure the profitability of HEINE for the next 2–3 years in terms of costs and thus to create the scope for the profiling phase – the essential part of the digital transformation.

30.3.2 Profiling Phase

The second phase was intended to develop HEINE from a catalogue-based retailer brand into a fashion brand that is 100% digitally oriented. This required the consistent adjustment of planning, structures, processes and also control according to other KPIs (= key performance indicator). In addition, the functional strategies for the brand, the customer and the product were developed and the implementation started.

The main goal of this phase was to drive forward the digital transformation, also and especially in order to establish a performance culture. The organization stands for simplicity, speed and competence. In times of digitalization and the associated speed of change, this is essential for the lasting success of the company.

Changing the business model from a catalogue-based fashion and living specialist to a digital fashion brand is more than a "normal" change process. This is a transformation of a business model that rules out "going back."

In order to increase the probability of success of the business model transformation, a cultural transformation, called Culture Change 4.0, was or is required. This is simply a matter of rebuilding the corporate culture (= the sum of a company's experiences). Experience shows that it is actually easier to build a new company with new digital processes and a new culture on a greenfield site than to transform an established traditional company into the digital age.

Experience also shows that, as a rule, about 20% of the employees (A group) are prepared to actively and convincingly shape the new strategic orientation. Approximately 60% of the employees (B-group) are rather wait-and-see and have to be convinced of the new strategic orientation over time. The remaining 20% of the employees (C-group) partly resist actively, but at least passively, i.e., this group is unfortunately resistant to change.

The essential task in Culture Change 4.0 with regard to the three "employee groups" is to identify them respectively, to try to significantly increase the proportion of the A group, fed by the B group, and to say goodbye to the C group from the company in a socially acceptable way.

How Did We Get Started in Terms of Culture Change 4.0?

1. In Q4 2016, we developed the HEINE values together with employees in several cross-hierarchical workshops. We decided on the five values – trust, respect, courage, passion and responsibility.
2. At the beginning of 2016, we introduced the “you” approach, initially on a voluntary basis and from February onwards on a mandatory basis. Initially very unfamiliar to about half of the employees, this measure greatly promoted cross-departmental and cross-hierarchical cooperation.
3. As a result, we jointly developed and adopted the new HEINE management principles and our understanding of our roles during a 2-day workshop with our managers.
4. In Q1 2017, the HEINE values and HEINE leadership principles were discussed in several 1-day workshops with all employees and also jointly adopted here.
5. In addition, we have made these measures tangible and tangible, among other things via a booklet entitled “Taking the lead,” via a Wall of Commitment in the office building, via values postcards in the workplace or via so-called values boxes in the employee casino.

What Was the Rest of the Process Like?
All further measures to establish the performance culture were oriented to the above-mentioned values, management principles and role perceptions and explicitly paid attention to them.

1. From the A-group, we selected 20 employees who, in our view, represented the realignment convincingly and were also equipped with great empathy. These employees formed the so-called multiplier team. Their task was to promote and convince their departments of the realignment, also and especially as role models. At the same time, a monthly exchange between the team and the management was ensured so that the multipliers always had the latest information. Each multiplier had the task of recruiting at least two colleagues as further multipliers.
2. Management workshops were held on a quarterly basis to promote cross-divisional cooperation and to overcome the silo thinking that had been learned over decades. At the same time, this was a good opportunity for the management to observe the team skills of the managers.
3. In addition, a monthly event – 60 min with the management – took place in a stand-up format. On the one hand, the management reported on the key KPIs, and on the other hand, this event gave employees the opportunity to ask the management directly the questions that concerned them. After a hesitant start, it was very pleasing to note that the dialogue between employees and management increased from event to event.
4. The highlight of the event series, however, was the introduction of the HEINE fashion show. Twice a year – in February for spring/summer and in July for autumn/winter – a fashion show was organised by employees for employees. With great effort, the respective new fashion collection was organised by employees as models for the employees.

Fig. 30.1 Fashion show February 2019

This was by far the most successful measure for the identification and emotionalisation of the employees with the HEINE fashion brand and the HEINE company (Fig. 30.1).

In the above-mentioned management workshops, the following topics were discussed

1. Joint commitment to the 2020 target
2. Clear demarcation or clarification of responsibilities
3. Joint commitment to the new brand concept
4. Joint commitment to the new visual language
5. Joint development of the Heine Mission Statement

and consistently driven forward.

We wanted to increase employee involvement through the new internal mission statement.

- “Courage suits us well”
- “Our fashion conquers the hearts of women.”
- “We are tackling things in a sustainable way”

Fig. 30.2 Office space before conversion

Fig. 30.3 Office space after conversion

increase.

The various measures of the strategic realignment were accompanied by the conversion and renovation of the office building (Figs. 30.2 and 30.3).

This was also one of the most successful measures, as it finally documented the transformation from the old, dusty image to a modern and digital organisation.

The profiling phase was and is planned for the period 2017–2020, but it is currently clear that this phase will take 1–2 years longer until the majority of the organisation has internalised this.

30.3.3 Growth Phase

The third phase was originally planned for the period from 2021. The objective was and is to grow significantly again after the successful completion of the second phase and thus a clearly defined HEINE fashion brand with a unique USP. The idea was to increase the market share in the target group of the above mentioned HEINE markets. In addition, the idea was and still is to internationalise the company's own B2C business in foreign languages. The idea here was to draw on the existing resources of the Otto Group, which is already represented in all relevant European markets with other brands.

In addition, there is of course the possibility as a fashion brand (manufacturer) to use the relevant platforms and thus to be represented in the "1 A locations" of the Internet and to achieve both significant sales here as well as to increase the visibility of the HEINE brand.

As of today, however, this phase has not yet been concretely worked out. Instead, the "Customer Access Strategy" project was set up to support the profiling phase.

30.4 Customer Access Strategy Project

30.4.1 Objective

The customer functional strategy, which was developed during the profiling phase, essentially involved the transformation of marketing measures from the push to the pull principle. In summary, the objective was to find appropriate answers to the three essential questions:

1. How do we increase the loyalty of our HEINE customers?
2. How do we raise the barriers to exit for our HEINE customers in times when there are virtually no barriers to entry?
3. Which customer-effective measures correspond to the PULL principle?

Furthermore, in this phase the question arose: How can we – in addition to the measures for cultural transformation mentioned in Sect. 30.2 – concretely support the path to a performance-driven organisation? To this end, the customer access strategy project was set up in a project organisation that was innovative for HEINE, also with the further objective of establishing an agile project method in the HEINE organisation.

30.4.2 Project Organisation

Since the HEINE target group is almost exclusively female and the fashion brand is also exclusively feminine, it was decided to staff the project team exclusively with female employees. Six women were selected on the basis of suggestion lists from top management and released for 6 weeks solely for this project. All relevant functions, such as product, online marketing, IT and controlling, were represented. The selection was made across the hierarchy.

30.4.3 Team Building

In preparation for the 6-week project phase, a team was formed from the very strong and diverse personalities during a 2-day workshop at Spitzingsee in Upper Bavaria. In addition, the project members were familiarized with the new methods of agile project management, such as

- Design Thinking
- Kanban
- Scrum
- Sprint

trained and familiarized. At the same time, this was a last opportunity for the management to adjust the project team if necessary.

30.4.4 Project Progress

At the beginning of the first of three planned sprints, each lasting 2 weeks, it was necessary to provide the project team with external impulses. A 2-day stay in Hamburg with workshops at Google, Jung von Matt (HEINE's lead agency) and a half-day with Aboutyou boss and co-founder Tarek Müller served this purpose. This phase was rounded off with a workshop with the Cologne-based company Rheingold to better understand the "psyche of the HEINE persona."

Based on these external inputs, an initial analysis, a concept and also an implementation plan were presented to the management in the first sprint – after 2 weeks. Then, together with the management, it was decided what should be further developed and deepened or not further developed and discarded. This ensured a permanent focus.

In total, this process took place 3 times – as mentioned above – and led to the desired results of answering the above-mentioned questions. It is also important to note at this point that the team – in all phases – collected customer and employee feedback, both qualitatively through real individual customer surveys and quantitatively on the basis of the millions of customer data available.

30.4.5 Project Results

The answers to the three questions were documented in so-called concept pillars. All concept pillars were based on the basic idea – APP FIRST. The project team was convinced that the HEINE app in particular could succeed in raising exit barriers for our HEINE customers. The three concept pillars were:

- Loyalty Program
- Inspiration
- From woman to woman

The *loyalty programme* envisaged awarding so-called loyalty hearts as part of a customer loyalty initiative. In addition, it was planned to offer a VIP status (called: favourite person). These VIPs were to be offered exclusive events or product or company news (BE-THE-FIRST-TO-KNOW).

The concept pillar *Inspiration* included a daily interaction of the HEINE APP with the HEINE customer (called: Daily greetings from the HEINE APP). In addition, an enrichment with HEINE content (brand, product, employees, etc.) was planned in order to make the brand more tangible and thus more desirable for the HEINE customer.

The third concept pillar *from woman to woman* should reflect the role of the shopping friend desired by our customers. Personalised product overview pages, for example, were/are also being considered here. Overall, this was intended to express the consulting aspect.

The second major objective was to establish an agile project method in the HEINE organization. Through the project, the project team members were perfectly trained in the methods of agile project management and thus also ready to carry these methods into the organization.

30.4.6 Project Summary

The customer access strategy project fully met the expectations of the management. Through the concept pillars developed with the diverse measures, HEINE has the opportunity to secure customer access in the future.

However, it should also be noted that the effect of the measures and thus the raising of the exit barriers takes time and one must certainly invest three to four seasons or 1.5–2 years to see demonstrable customer-effective results.

It should also be noted that all project staff have gained enormously from this project, both in their personalities and in their professional competence.

30.5 Learnings

In conclusion, the key learnings of HEINE's digital transformation since 2014 are summarised from my perspective:

1. The planned timeframe for a transformation project should be limited to a maximum of 3 years. Planning “trader” business models beyond this period is – given the dynamics and agility – not serious.

2. It is important for the entire organization to have ongoing transparency about the path of transformation – on the one hand, where one is currently in the process and, on the other, what the next steps are.
3. Communication is everything. Particularly in these times of uncertainty, it is enormously important as a manager and especially as a managing director to communicate a lot, intensively and visibly with employees.
4. One of the most successful measures in the transformation was the introduction of the Du.
5. Clear focus on the A group of employees to increase the likelihood of transformation success.
6. Consistently address the C-employee group using the measures described.

30.6 Overview of Agile Methods

Design thinking is an approach that should lead to solving problems and developing new ideas. The goal is to find solutions that are convincing from the user's point of view. In contrast to other innovation methods, design thinking can or is sometimes described not as a method or process, but as an approach that insists on the three equally important basic principles of team, space and process.

Kanban is a method in software development where the number of parallel works, the Work in Progress (WiP), is limited and thus shorter lead times are to be achieved and problems – especially bottlenecks – are to be made visible quickly.

Scrum is a process model of project and product management, especially for agile software development. It was originally developed in software engineering, but is independent of it. Scrum is now used in many other areas. It is an implementation of lean development for project management.

Sprint: Scrum refers to the value-adding project process in which the development team converts requirements from the sprint backlog into an increment within a process with a fixed duration. A sprint, regardless of its duration, consists of the following activities:

- Planning the Sprint (Sprint Planning)
- The daily meeting of the Scrum Team (Daily Scrum)
- Converting the backlog items for the increment
- The presentation of the created increment (Sprint Review)
- The analysis and evaluation of the methodical approach during the sprint as well as the planning of improvement measures (sprint retrospective) (Angermeier 2019)

Reference

Angermeier G (2019) Sprint (Scrum). https://www.projektmagazin.de/glossarterm/sprint-scrum. Accessed: 30. Juni 2020

Jürgen Habermann was employed within the Otto Group for almost 30 years, including more than 10 years as CEO of SportScheck GmbH in Munich, 3 years as CEO of Frankonia Handels GmbH & Co. KG in Rottendorf and most recently more than 5 years as CEO of Heinrich Heine GmbH in Karlsruhe until the end of 2019. Since the beginning of 2020, Jürgen Habermann has been active as an advisory board member and investor.

Glasses in a Design-Savvy Environment with Fashionable Competence

31

Kilian Wagner and Markus Schweizer

Abstract

When you enter a nondescript office in a Zurich neighborhood, you feel like you're in the middle of the living room of a hipster shared apartment. Between the table football game, kitchenette and lounge area, friends are passionately working on an idea to inspire the fashion-conscious glasses wearer. What is remarkable is the lightness that is in the air, even with now over 50 flagship stores, and with which the services are smoothly adapted to the needs of potential customers. The business model features a clearly recognizable script from the brand core to the store design – carried by the entire community and the pioneering spirit. A positive energy that is missing in many traditional retailers.

31.1 VIU: The Eyewear Start-Up

M. Schweizer: If You Had to Sum Up the VIU Philosophy in a Nutshell, What Would It Be?

K. Wagner: VIU stands for the absolute highest quality of glasses and all components of it, at the same time very fair and transparent prices. We maintain a relaxed relationship

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with our customers and offer them all services around the glasses. We put the glasses where they belong: In a design-savvy environment with fashion expertise.

How Did the Business Idea Come About?

The starting point at the time was a pair of handmade horn-rimmed glasses under the label "The Sire," which were positioned in the upper price segment of the market. We wanted to make the product affordable for the masses. By selling directly to customers, we were able to keep costs down. That's why the focus at the beginning was on online business. Our customers could, and still can, choose four pairs of glasses from us online, which are then delivered to their homes by post. We didn't know at the time that we would also need stores. It was incredible that people were actually interested in VIU from day one. But then it became apparent that people were reluctant to buy glasses online. So we then evolved into an omnichannel player. We sort of brought an e-commerce model to brick-and-mortar retail and tried to build as seamless an omnichannel experience as possible. Those were the beginnings of VIU.

And the Stationary Trade with the Flagship Stores Was Added Later Rather by Chance?

Yes, that was just a test at the beginning. From my point of view, this is generally the most important criterion for a successful company: You have to constantly rethink and question everything. Nothing is stable. That's exactly how we did it – we tried out, tested and developed further.

What Did You Use as a Guideline?

As a company, you have to be willing to learn from the customer. Direct customer contact is crucial and customer feedback is extremely valuable. We track the Net Promoter Score NPS for this and usually always achieve 80 points or more. We receive about 6000 feedback points per month. That's quite a lot. This is only possible if the various touchpoints are integrated. For example, when someone places an order online, orders something in the store, or comes to pick up a pair of glasses, they receive a request 25 days later to give us feedback. We ask if customers were satisfied or not and where and what they purchased. This helps us understand what is working well and what is not. The idea behind this is Continuous Learning. It is important that the feedback from customers reaches the right places in the company. For example, if a feedback says that the delivery of the glasses took too long, then our operations department needs to take a closer look at what happened there. I think we understand the customer pretty well today. We're always evolving our feedback tool and now we're starting to spread it even further throughout the organization. It's all about the customer and customer satisfaction.

31.2 The Feeling for the Customer

How Do you Anticipate Customer Needs that Are Just Emerging – Including Through Feedback?

Also – but we don't have any customer panels that we specifically survey for the development of new offers. We primarily use the experiences and feedback of store employees as a basis for product development. We use the knowledge of our store employees to understand what they are missing, what they think we still need and in which direction the market is going. There is a lot of knowledge available.

In addition, we develop products ourselves that the customer likes or dislikes. We look at the sales figures per unit and see where the demand for a certain type of glasses is increasing. We then see, for example, whether we are still missing a smaller or similar pair of glasses. To that end, we have a natural expansion into new categories. We started with acetate from Italy, then we added titanium from Japan and the 3D-printed glasses. At some point, rimless glasses without frames will probably come. That's what we call an expansion. Within that, we're experimenting again in terms of new shapes, for example. That's very much driven by the logic of bringing new products to market and seeing how they're received. Depending on that, we then take them out again or adapt something. That's continuous optimization.

What Is Particularly Important to You During the Customer Journey?

From my perspective, it is important that our brand is consistent across all channels. That means VIU should be perceived similarly online and in stores, and offer a seamless brand experience. This also relates to the customer experience. If the customer orders glasses through our "Try at Home" offer, then they can also bring them back to the store and decide to buy glasses or not. Since the customer is already registered, by entering their email address, the staff can retrieve all the information about the customer and understand them better. We're doing reverse ROPO, so to speak. The customer journey has to be as flexible as possible in all directions. You have to give the customer the freedom to decide how they want and how it suits them.

Were There Any Situations Where You Had to Adjust the Customer Journey?

In the beginning, we didn't offer optical services. So customers had to take the eye test at another store. That's a good example of how we learned from the customer. Our customers felt the need to take the eye test at the same place where they buy their glasses. Thanks to customer feedback, it was clear that we also needed to offer customers the option to take the eye test at our store. Over time, we built this offering and today we offer customers this option in very many stores. So now they get everything from one source: eye test, consultation and a full range of lenses. We can give our customers very holistic advice.

Our basic mistake from day one, that we originally wanted to be an online retailer, is also in this category. Now we have 49 stores. That's a change we've made thanks to customers. There are a lot of little things that we learn from the customer. When we introduced 3D-printed eyewear, that's when we looked at how we could bring that customization to life. We selected four stores and tested the offering there for 4 months. Every 2 weeks, we evaluated, compared, and refined the approaches – and then tried them out again in the next round of testing. We transmitted the feedback to the stores via video conference: How does the customer like the offer? How does he experience the store team – would he like to be advised on the wall or at the table? The hypothesis was that customers want to be advised at the table. But that turned out to be far too complicated and the advice was mostly given standing up against the wall. Things like this involve a lot of trial-and-error and experimentation. Another example is that in the beginning we didn't offer glasses for very narrow heads. We had a lot of feedback on that. That's why we developed a small collection, because that was a clear need.

There Is a Lot of Trial and Error and Dropping or Multiplying If Successful

Exactly. We also explain this to our employees. We are on a journey, and every 1–2 years we have to change. Ideally, we have that embedded in our DNA.

What Do You Want the Customer to Experience? What Makes Your Value Proposition Desirable?

We perceive ourselves as a fashion company with optical competence. That is important for our self-image. The optical competence must be there and must be perfect. But we don't position ourselves as an optical chain. That's a fundamental way we look at the market. We believe very strongly that eyewear has a role as a fashion statement that is not quite there today. We want to turn our customers into lovers who already think ahead and consider what they wear today and what glasses they combine with what. We want to achieve this without shouting in customers' faces that they need three pairs of glasses.

We stand for offering customers a clear, emotional shopping experience with a product that is absolutely competitive. When it comes to collections, we don't offer an infinite amount of choice. However, our offering is clearly curated, ultimately making it easier for the customer to find a pair of glasses. We started with 13 shapes, each available in different colors. We now have 50–60 shapes in our range.

Our idea was to build a clear identity or brand and offer a high quality product. We wanted to realize this with the best manufacturers we could find and offer our customers a great product experience. At the same time, we wanted the price to end up being very fair. So hopefully customers will come to us because it's more fun to buy glasses at VIU.

31.3 Curation of the Offer

Curation Is a Good Keyword: Doesn't a Selection of Options in the Light of the Variety of Offers on Online Channels Quickly Lead to Dissatisfaction among Customers?

With the combination of shapes, colors and the sunglasses, the customer ultimately has about 400 variants to choose from the 50 to 60 shapes. In addition, we offer a 3D-printed collection. There are practically endless combinations of width, shape, colour and temple length. In the area of eyewear, however, there is also a certain limit to how much choice the customer appreciates and how much is too much. When buying a T-shirt, the customer knows what he wants. He is informed, knows his size and favourite colour and can stroll through the range and be inspired. When choosing glasses, however, it is sometimes even easier for the customer if he doesn't have too much choice. We sometimes receive feedback from customers who are happy that there are finally not too many offers. This makes it easier for customers to find their way around.

Curation for us also includes the way we display the glasses. In the store, we present them openly and display the different colours. We deliberately want customers to come into contact with the products. This is not standard in the industry. Normally, the glasses are presented in boxes or behind glass, so the salesperson has to serve the customer. But we want the customer to have contact with the product and receive good advice about it. Buying glasses has to be fun.

What Is the Importance of Numbers in the Management of the Assortment?

Every store sees every minute of every day what they are doing and what the others are doing. These numbers are available live to everyone. We have a central data pool, but we can certainly use the insights even better – in addition to what we are already doing in terms of customer feedback, Net Promoter Score etc. There is a lot buried in the data that we can learn from to make even better decisions. Fundamentally, numbers are very important. The feeling is good, but of course we also have challenges. We are growing relatively quickly in various markets and not all stores are at 100%. There we have to analyze exactly what is going on. That means we're looking at a lot of data. I would say we're not bad in terms of analyzing data, but we're not super either. We still have to develop further in that area.

31.4 Preservation of the Brand Essence

VIU Is Strongly Influenced by the Passion of the Founders. With Success, the Danger Increases that the Distance Between the Original Idea and the New Members in the Organization Becomes Greater. How Does VIU Ensure that the Philosophy Is Not Diluted?
That is indeed a challenge. A very big part of it is codification, which is writing down how we want to be. It starts with having a clear sales philosophy of how we want to sell. We don't tell employees what phrases to say. That would be mechanical. But we have defined what we want and what customer journey the customer should go through. To do this, we explain the store to the employees. As a starting point, they should, for example, put the glasses in the customer's hand and tell them about the emotional side of the glasses. That the frames are made by a family business in the Italian Dolomites, for example, or where the lenses come from. It is important that these elements are present. We expect the customer advisor to put them in the right place himself. Meanwhile, we also have a training team for training, the VIU Academy. This is a small unit, but it is important because it helps to impart knowledge to our employees. The employees go through various tests and at the end they receive a certification. All this is built up over time. At the beginning, of course, we were closer to it, but now the VIU Academy is central to the quality of consulting.

How Do You Keep up the Pioneering Spirit? Many Traditional Retailers Struggle with This. They Are Afraid to Try Something Out Because They Might Fail
A lot of what we try is rather small, and if it works, we scale it. We're still relatively young, but we still have to be careful that we don't have the same issue in a few years. We're already trying to anticipate how we can prevent that, stay as agile and challenge things. That's the job of the organization, to build that kind of culture that will hopefully stay.

In parts, we model that and in parts, it's the way we try to manage the company. We try to pass on responsibility to the organization and hear ideas from everywhere. You can get a lot wrong as an entrepreneur if decisions are made at the top but information is not available there. We have a team call every Wednesday with all stores and employees. We pass on current information there. We don't write emails internally, but organize everything with Asana, a project management tool. This way we can virtualize everything and information is always available.

31.5 Future Picture

Can You Already See What Developments Are Foreseeable in the Eyewear Market?
In the US, for example, they are in the process of developing an online eye test. There will also be changes in the virtual try-on area as the technology gets better. These are two

examples that will lead to the online channel growing even better. We need to anticipate such issues and think about how we can integrate that into the customer journey.

What Does the Future Hold for Brick-and-Mortar Stores?
For the stores, the topic of 3D-printed glasses is very important. We're pushing that a lot there and 3D-printed eyewear is about 10% of optical eyewear, which is significant. We believe very strongly that the customer ultimately needs the best product for them. Degrees of freedom of a pair of glasses printed for someone personally are of course much higher. 3D printing technology is very exciting, and we also believe that it is evolving. There are new materials, and we are launching a new collection this year that is much better than the first collection. In the future, it will also be possible to digitally capture the customer's head with a 3D scan, so that the glasses can be adapted directly to the scan.

The advantage of 3D printed glasses is that we no longer have to have all widths and shapes in the store. The glasses are printed individually for the customer. He chooses the color, can have something engraved, and we measure out the size of the glasses. It's an individualized approach that becomes very exciting. It gives the customer a personal connection to their own glasses. From our perspective, that's very cool. But you always have to consider whether such technologies really add value or are just a gadget.

Listening to You, I Hear a Lot of Optimism about the Future. The Mood in the Industry Is Rather One of Respect for the Future and in Some Places There Is also a Suspicion of New (Digital) Market Participants. Can you Understand This?
I can understand that, but I generally believe that retail is not dead. However, I believe that retail has to reinvent itself and ask itself fundamental questions. For example, how can retail offer experiences that are not available online? Interestingly, there are also many online retailers who are now suddenly going offline. This is also a trend that Amazon, for example, is following. There is not only online. Also, online visibility has become much more expensive in the last years (CPM, CPC values exploding). In the end, I believe in a world that is channel agnostic. As a brand, you have to think about how you want to position yourself. In store, we offer customers a much more emotional experience. When they walk into the store, they have a much better sense of what our brand stands for. Customers can touch the products and dive much deeper.

There are products that are more suitable to be bought online, others are more suitable for the offline channel. In the case of glasses, there is a high barrier to buying online. The trust in the optician has to be right and the eye test cannot be done well online today. That's why the omnichannel approach is virtually set for our product.

Books, on the other hand, are fine to buy online and yet Amazon is now opening bookstores. These go far beyond the actual transactional thing that I just buy a book. Customers can walk around, look at things and pick up a book.

You Bring Up Sensory Experience

Exactly. In my opinion, retailers should already be offering many more experiences today. But I don't see any large-scale movements there at the moment. There are some approaches with new concepts, such as Casper, which wants to build a sleep lab. Whether that will be a success, we don't know. But Casper is at least brave and tries out new things. Apart from that, I think the stores have developed further, especially in terms of design. The trend is currently going in the direction of concept stores, where very little merchandise is presented.

What about New Technologies on the Sales Floor?

Today, virtual mirrors are often just a fun gadget. There are various use cases with digital screens that show a jacket, for example, where customers can then change the color. In reality, this probably won't replace the need to look at the physical product after all, because the technology simply isn't good enough yet. But I am convinced that this will come. The high-end department stores are the best place to see where experiences are heading. Selfridges or KaDeWe have departments that are very successful. Customers go there for the experience. But of course that requires big investments.

31.6 The Store Design as a Narrative of the Value Proposition

What Factors Are Central to You in Store Design?

With us, every store is unique in its own way and has a clear identity. The store on Potsdamer Strasse in Berlin, for example, is located in a building whose shell is made of stone. We kept the stone theme for the sales area and used 3 tons of green marble from Greece. We always want to localize our stores. We believe in a store that doesn't always look the same like a chain. The stores should have a certain local character and also integrate into the surroundings. In Basel, for example, we found an old wooden ceiling during the renovation and integrated it into the store. In this way, each store should have its own identity. Nevertheless, there is a clear brand theme: a wall on which our collection is presented on rectangular surfaces. And the same tables and furniture. This is then the VIU theme everywhere. You should be able to tell you're in a VIU store, even if it wasn't signposted outside. I think that works for us.

The Well-Being in the Room Is One of the Most Important Dimensions for a Return of the Customer. What Does VIU Do to Make the Customer Feel Comfortable?

I believe that the customer advisors are a very important factor in this. Customers enter and feel welcomed both spatially and humanly. Customers may be curious and the store staff then take them on a journey without holding the customer's hand straight away. That's already very important, especially with a product where the customer can't do everything on his own. They can't just take a pair of glasses, pay for them and use them straight away. The customers are guided by our employees. They look after the customer to see if they can find their way around. It's different from a T-shirt. You have to choose the T-shirt yourself and go pay at the checkout. This interaction is very important for us.

I believe that in 5 years, the online channel will also be more emotional. People will be able to experience the product more easily and better. We will try to make the interaction with the customer even better. That means looking even more specifically at how we can capture the customer's needs even earlier. If we can scan the customer's head, then we will know exactly which glasses in the new collection fit best. In the best case, we can show the customer how the glasses look on his head thanks to AR. Or the customer receives an email, sees the new collection there and also immediately which glasses fit them perfectly, including a picture of themselves. We want to have a relationship with the customer that goes further, and push the glasses as a fashion element.

In Conclusion: How Do You Make Sure You're Not Overtaken by a Startup Yourself in 2 Years?

You can't quite ensure that, but we take care by constantly changing ourselves. Basically, I think we are still agile. The goals for 5 years from now are already very ambitious, and we have to achieve them first. The market is not turning as fast as we would like it to in our minds. We also have to do some groundwork, it's not all just digital dreams of the future. If someone else can dream the dream faster, then we have a problem. The future will tell.

Kilian Wagner is Co-Founder and CEO of VIU, a Swiss eyewear label he founded in 2013 together with four friends to shake up the market for designer eyewear. Originally, Kilian Wagner comes from the south of Germany. After completing his Master's degree in Business Administration at the University of St. Gallen, he toyed with entrepreneurial ideas, but then initially hired on at McKinsey & Company in Zurich. Five years later, he took the plunge into entrepreneurial adventure. The idea for VIU took its course. The company now sells its products in six countries in over 50 flagship stores, over 40 partner stores and a strong online store. The company has over 400 employees and over 2,00,000 customers. Due to Covid we reduced our INT markets and scaled down to DACH (49 stores today) - yet, also here there is tremendous potential and we started succssfully building new stores in 2022 in Germany, Austria and Switzerland.

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Synthesis: Mindset – Anchoring Customer Centricity in the Company

32

Gunnar Mau, Markus Schweizer, and Agnes Fleischer

Abstract

A quintessence of the present contributions is: The key to the success of multisensory management is to know and address people, respectively their perceptions and motives. This outlines an important – if not the most important – challenge for retail management: If you want to remain relevant for customers in times of dynamic markets, you have to align your own organization and all processes with the customers' wishes. What sounds banal, however, too often fails in retail practice. Three fields of action are in focus: culture, structure and control. This article provides relevant impulses for all three fields.

Thinking from the customer's point of view should ideally run like a thread through all dimensions of the business model. What sounds trivial is in many places only anchored on a piece of paper. Why was Jeff Bezos ridiculed when the anecdote of the empty chair, which is intended for the customer, was told? This symbolism shows that the customer hat

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is not readily entrenched even in customer-centric companies. The attitude must be continuously cultivated and exemplified. This raises the question of how it could come to this that the customer is only supposedly the focus (and sometimes in the way)?

We are attempting an approximation. On the one hand, the focus of many (even successful) companies is on **the** continuous **optimization of existing processes.** Due to the tight and predetermined timing of the work processes, it is becoming increasingly difficult to look to the left and right and especially to the front. The employees have, as it were, "blinders" on. The existing business model is hardly ever (fundamentally) questioned and the initial sense in the range of services is fading.

And yet, especially in challenging times, we need to remember what we do best. With which **value proposition** can a pull be triggered again? In order for these activities to have any justification at all in the company, a corresponding corporate culture, agile structures and prudent management are necessary – unless, of course, we are talking about a start-up that brings with it a completely different basic attitude to cooperation compared to historically grown companies It is precisely this modern type of cooperation that the large long-established players like to flirt with, without wanting to give up their equally highly valued hierarchical levels. But transferring customer centricity into all facets of the company also means tweaking the company's foundations. A transformation is therefore inevitable.

Culture

The **corporate culture** forms the backbone of a company and symbolizes which norms and values are shared in the community. When embarking on a company-wide transformation, one must be aware that this will also change the (professional) lives of many employees. For this reason, it is important to know how open the workforce is to change. The **growth mindset –** in contrast to the fixed mindset – describes a mindset that can lead to success and growth, especially in volatile times (see the article by Martina Peuser). The mindset clarifies how employees perceive themselves and how they deal with challenges. Those who have a growth mindset are convinced that they can develop their skills further, learn in order to understand things better and experience more, and see mistakes as an opportunity to try something new and develop further. This is not about always acquiring new knowledge. It is of little help to the company if all employees can reproduce the know-how on SCRUM, Design Thinking or other agile project management tools one-to-one as long as the necessary attitude is missing.

The **organizational mindset –** the sum of all individual mindsets – shows how an upcoming change is actually handled. In other words, how high the proportion of the growth mindset is within the company. Especially in companies that have already gone through several change processes, employees often long for stability and increasingly react with resignation. The extensive persuasion work that has to be done in order to successfully implement a transformation is a deterrent right from the start. Lifelong learning is therefore desired in many companies, but in practice it is often still uncharted territory.

In a corporate culture that promotes rather **rigid and restrictive ways of thinking,** there is hardly any possibility to implement agile customer-oriented concepts. That's why you use the willingness of the **multipliers in** the company. In this way, even historically grown companies can dare to take the step towards a more agile form of enterprise. If, with the help of a certain driving force from within, the corporate culture as a whole can also be changed, further steps can follow. In the OTTO Group article by Svenja Reinecke and Tobias Krüger, the importance of culture is impressively demonstrated. Before the company could master the economic challenges of today, it required an extensive cultural change process.

Here, too, the human needs of the employees can be taken into account and the **brand can be experienced** not only by the customer**,** but also **by the employees.** This is also how Jürgen Habermann, the former CEO of HEINE, describes it. The female employees organized an internal fashion show with their own clothing brand, which quickly became a highlight. In addition, offices were redesigned in such a way that the corporate image was immediately noticeable; and collegial cooperation was promoted by introducing the DU form across the board. Employees can now experience the brand with all their senses and thus also make it tangible for their customers.

In addition to the multipliers and the motivation of the employees, the **management** and the **executives** also play a decisive role during a transformation. In times of change and high uncertainty, they take on a role model function. Visible **communication** and clear direction contribute to the success of upcoming transformations.

That's what **start-up** founders, the pioneers of modern enterprises, do. It is important to them to pass on their vision of the company even when the number of employees doubles, increases ten-fold, increases a hundredfold. A good example is the digital team call at VIU, in which all stores and employees across the hierarchy participate every Wednesday. In a personal conversation, both leadership and collaboration can be experienced.

Kilian Wagner, CEO of VIU, describes in the interview how he tangibly passes on the **pioneering spirit to** all employees of the 50 stores through a high degree of **transparency,** but also suitable new structures.

> *As a company, you have to be willing to learn from the customer. Direct customer contact is crucial and customer feedback is extremely valuable. We track the Net Promoter Score NPS […] Behind this is the idea of Continuous Learning. It is important that customer feedback reaches the right places in the company. We continue to develop our feedback tool and are now starting to spread it even further throughout the organisation. Everything revolves around customers and customer satisfaction.* (cf. Kilian Wagner and Markus Schweizer, Chap. 31)

Otherwise, VIU might still be an online-only company and it wouldn't be possible to conduct eye tests in the branches. The idea of continuous learning should continue to shape the company in the future. However, this poses new challenges for both growing and established companies.

Because corporate culture is such a deep-seated feature of any company, numerous acquisitions or change processes have failed in the past. In most cases, the problem lay in the fact that the overriding importance of culture for a realignment was misjudged. Or too little time was given to this change. Just as society is slowly moving towards a more conscious and sustainable way of life, there is also a growing rumbling among employees. Get out of the hamster wheel and into the living change. This is only the first hurdle – albeit the most difficult one – that has been taken. The others follow.

Structure

The objective of the organizational structure has changed with the dynamic change in collaboration. It no longer primarily involves efficiency and effectiveness, but rather **customer orientation, agility** and **adaptability.** Thus, the majority of companies recognize a need to redesign organizations, even if only a small fraction actually sees itself in a position to implement the realignment.

Simple organizational structures such as the single-line structure or the further development into a multi-line system such as the matrix organization usually make joint work between the company divisions more difficult. The individual departments and teams are so specialized in their field that **silo thinking** ensues: there is the perfect category management, the optimal customer walkway, the most efficient cold chain, the most resource-efficient workflows and the best checkout management system. But even though each of these fields should be customer-centric and multi-sensory, there is still friction at the intersections and obvious fractures in the overall picture. A comprehensive customer-centric offering stands for the interaction of all fields.

> *"In particular, divisional organizations and supply chain approaches based on the division of labor have the advantage of specialization. However, the danger of division egoism and a lack of customer focus is omnipresent. One solution is to think in terms of networks and interdisciplinary teams in which each member works together towards a single goal."* (cf. Martina Peuser, Chap. 27)

To achieve this, many models are currently being tried out, often with the attempt to adopt the agile way of working of start-ups to a certain extent. Martina Peuser presents two good variants for this: The dual company and the project-organized organization.

The **dual company** combines the best of both worlds: The classic area, e.g., an organization divided into divisions and functions, stabilizes the company. The network-oriented area sets new impulses by allowing people to try things out thanks to the backing of the company. The network enables employees at different levels to learn from each other and to implement joint design sprints or retail hackathons within their own company. In practice, this form, which still relies heavily on previous organisational structures, can cause problems between departments. Diffusion of responsibilities can lead to exciting new impulses being honored but not implemented. It is therefore important that the management treats both company structures equally and uses the network profitably. Compared to the purchase of suitable start-ups, one thing can be avoided here: The network is not completely integrated into the company. As a result, the agile way of working does not evaporate.

The **project-organized organization** is probably familiar to most companies in a more or less pronounced form, since increasing flexibility is also giving greater attention to project work. Strictly speaking, this is a complementary form of structure. For example, project leaders are often given superior rights and duties defined by their role. Adequate resources are made available which, in addition to financial resources, also take into account the capacities of the project team members. Lean hierarchical levels exist within the project team and progress is usually reported directly to the management.

A well-maintained product portfolio is a major advantage. This allows the company to maintain a good overview of current projects, prioritize them and strategically align them with existing corporate goals. Projects don't always have to start out big either, as they can be scaled to others after a test phase in individual stores or markets. Traditional companies often get in their own way. Their past success prevents them from making mistakes. There is little tolerance for mistakes because they don't want to signal a drop in quality to customers. But an agile organization needs the permission to fail once in a while – and to learn. In his article in Chap. 3, Jan Hillesland refers precisely to this lack of openness to results, which leads to the fact that demonstrably fewer customer-centric concepts are implemented, simply because too much time has already been put in. This path dependency can be the undoing of companies, so the product portfolio should also be used as a steering tool. If projects lose importance over time or do not bring the desired customer benefits, then they do not have to be implemented by hook or by crook until the end. It is worthwhile to plan for appropriate testing devices from the outset.

This leads us directly to the third component: The control of the company.

Control

For the design of a customer-centric store environment, the focus is on the well-being of people. Because as a person and a customer, I go where I feel comfortable and where I am treated as an equal. However, especially in tight sales situations, well-being regularly takes a back seat in many companies. Financial key figures and efficiency targets quickly take over – also because these are more tangible (in contrast to well-being). Too short-term thinking – in our opinion. After all, a returning customer is also interesting from a business perspective. dm Drogeriemarkt has taken up this cause with the claim "Hier bin ich Mensch – hier kauf ich ein" (here I am a human being – here I shop), so to speak (adapted from Goethe's Faust: "Here I am a human being – here I may be"), and thus built up an unmistakable profile.

In order to make the multisensory service offering measurable in the future, a fundamental reassessment of the existing **KPIs** is also required. The consideration of the really relevant parameters often comes up short.

The processes by which the company's metrics are determined are usually very lengthy negotiations between the various parties in the company. The connection between corporate success and well-being is also often misunderstood.

> *"In a customer-centric company, the way in which performance is understood also differs from the classic focus on key figures. For them, the success of marketing, sales and communication measures is primarily measured by the extent to which they actually help them in their contact with people. Customer satisfaction should therefore become the KPI for evaluating teams."* (cf. Johannes Ceh, Chap. 28)

In some companies, lists with more than 50 "KEY" performance indicators can be found – always when departmental egotism prevails and everyone insists on their own measurement bases. However, too many data and facts overwhelm, because a deeper examination of the results is missing. To avoid this fate, corporate goals are increasingly defined according to the **OKR principle.** Each individual has an objective ("O" = Objective) to which the three most important quantitative or qualitative metrics ("KR" = Key Results) belong. The special thing about this is that each individual objective pays into the company objective and thus a customer-centric orientation can be achieved right down to the last employee. Provided that the "O" or the overarching corporate goal is a real customer benefit.

The targets are reviewed at a certain rhythm (usually every 3 months) and renewed if necessary. They are also not linked to success bonuses, so that even larger customer-centric targets are tackled and failure to meet them can contribute to the company's learning process. This increases satisfaction among employees and ensures greater identification with one's own retail brand.

If the value proposition for the customer is "buy the product with the best margin," then sales per square metre will suffice. But if the customer is to be given a multi-sensual retail experience with competent advice and courteous service, other parameters are required. Experience worlds and community building are two further keywords that store operators will have to deal with in the future. Alone because of the changed expectations of the growing generations.

So who is the **customer's advocate in** the company?

As it turns out, it requires a comprehensive interplay of many players and three basic prerequisites: First, the corporate climate provides the right atmosphere and openness to new challenges. Second, the right structures and agile processes ensure that the meeting of different perspectives can take place in the company. What do customers want from a category management perspective and what from a marketing perspective? How do these wishes fit into a customer journey? And thirdly, the control with suitable key values ensures that company-wide target-oriented action can be taken. In this way, completely new opportunities to serve the customer unfold in every position. Customer centricity needs space in order to unfold.

> *"Where a new kind of cooperation is to emerge, a rethinking and a transformation of the inner attitude is needed, first and foremost from the management of the organization. Only with their fullest commitment and the visible example of change can all employees be activated […]"* (cf. Svenja Reinecke and Tobias Krüger, Chap. 29).

The management sets the path. Only if the top executives know how to create real added value for their customers can the rest of their colleagues get involved. Purpose is no longer an empty phrase, but a belief in sustainable success in line with the customer's wishes. Accordingly, leadership should also engage in formulating a unique value proposition.

The multipliers follow next. They are enthusiastic about the new opportunities to contribute to the company in a whole new way and pass on this newfound energy to their colleagues.

The project managers take responsibility for their teams – at best, these teams consist of different company divisions. Without them, new ideas and customer-oriented solutions would not be pursued in a targeted manner. As the responsible authority, they encourage a change of perspective and show each individual what contribution he or she can make.

Finally, it is also each individual employee who contributes to the company's success. Isn't it nice when someone is happy about how great their own consultation was? When he or she has finally found the right product for them. Especially in a time when almost everything is documented digitally, a small helpful deed today can lead to a pull the next day.

We can see that the greatest opportunities for success occur where not just one person or one department takes the customer's perspective, but where the company as a whole transforms and stands up for the customer and their value proposition.

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Dr. Markus Schweizer studied business administration at the University of St. Gallen, specializing in strategy and organization. He then completed his doctorate – also in St. Gallen – at the Institute of Marketing and Retailing (Gottlieb Duttweiler Chair for International Retail Management) on the phenomenon of "consumer confusion" in retail. Markus Schweizer held leading positions at tegut … gute Lebensmittel and Migros in Switzerland from 2006 to 2016. Since 2016, he has been managing director of Holistic Consulting GmbH in Hanover, a boutique consultancy for customer-centric thinking and action. He also teaches retail management at Leibniz-FH in Hanover and is the author of several specialist books and articles on the successful transformation of retail.

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Publisher Correction to: Multisensory in Stationary Retail

Publisher Correction to:

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https://doi.org/10.1007/978-3-658-38227-8

Owing to an error on the part of the publisher the chapter authors' names were missing in the initially published version of this translation. The chapter authors' names have now been added which has led to slight changes in the pagination compared to the previous version. The content has not changed.

The updated version of the book can be found at
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Appendix A: Reflection and Outlook

Online is the future of retail. But that doesn't have to mean the marginalization of brick-and-mortar retail. Local retail is not dying. However, those who blindly enter the digital waters and try to imitate online shops face the danger of thoughtlessly throwing away the original advantages of their brick-and-mortar stores. If all energy is expended in superimposing a digital sales channel, on-site excellence inevitably suffers. An imbalance can also often be observed in the allocation of innovative power.

Many retailers then also struggle with the reinterpretation of the space. Too often, people complain that the customer is hardly tangible and hybrid anymore. If you ask them what their needs are, then you get either the ideal world or contradictory needs that are not feasible. In addition, the market has become much more difficult due to the emergence of aggressive online providers such as Amazon.

However, the fact that the online channel has gained so much importance is honestly also due to the imponderability that the needs of customers are not understood or correctly interpreted in stationary retail. After all, who bothers to really serve the customer anymore? There's hardly a marketing article that doesn't call for unconditional focus on customer value. But who takes the time to really get to the bottom of the customer's situation? The old guard of retailer personalities, including Wolfgang Gutberlet, Götz Werner or Thomas Bruch, for example, sat down in the checkout area and observed customer behavior, crystallizing evidence for themselves and drawing conclusions. And they have vigorously put their convictions into practice, nurtured them and continuously developed them further.

Today, it is at best aggregated customer data analyses that are consulted. Often, however, it is only sales and profitability figures that are decisive for the decisions. Hand on heart – this has little to do with customer-centric management.

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Taking multisensory into account can be a step towards putting us as humans back at the centre of commerce. Consistent multisensory has a lot to do with empathy. It's not enough to understand the customer's needs (in order to sell more as a result), it's about identifying what contributes to people's well-being (so that they're happy to return to the store again and again). When people talk about customer centricity, they (too) often mean the former. Understanding needs at a micro level and possibly via artificial intelligence even better – for the purpose of increasing sales. However, customer centricity does not focus on increasing sales as a goal, but on solving problems for the customer.

That's why embedding multisensory technology in the design of the salesroom also has a lot to do with customer centricity. All sources of stimuli in the room must be coordinated with each other and a positive effect on people must be created. With the aim of increasing well-being. This might sound esoteric to some, but it is not.

What Multisensory Technology Is Not

1. **Multisensory is not esoteric.**
   As humans, we have often forgotten how to consciously use our senses. In customer surveys, for example, it can be observed that the store atmosphere is often only rated as good or bad. A differentiated assessment is difficult for the respondents. The same applies to retail employees who are asked to describe the effect of the room after a 360° turn in the supermarket and in most cases are unable to do so. However, we now know that a coherent multi-sensory approach is an important success factor in store design. Therefore it makes sense, on the one hand, to sharpen the perception of the employees and, on the other hand, to develop a system of key figures that can support the perception and show the – also long-term – effect of the stimuli. For example, a customer walk analysis can show very well whether people feel comfortable in a room or not. If a customer runs hectically in zigzags through the store, it can be assumed with high probability that the shopping pleasure is rather low. Or if the walking speed increases significantly in the second part of the main loop, this could be an indicator that the attractiveness of the range of services has potential for optimization.
2. **Multisensory technology is not a new phenomenon.**
   Human behavioural patterns do not stem from the fashions of the last decades, but are based on coded experiences dating back 20,000 years and more. Although we like to see ourselves as the spearhead of (digital) civilization, many behaviors are relics from a bygone era. That is, we would do well – even as traders – to tap into human history for ourselves. Harari (2015), for example, is worth reading here. It is regrettable that this knowledge is only partially incorporated into store planning, because many insights would contribute to the well-being of people in the space. When people step into a space (unknown to them), the drivers of wellbeing are always the same – whether old, young, conservative, experiential, etc. When looking at many (even newer) store concepts, it is striking that these basic rules have probably often not been considered in detail. Too often, concepts are designed against human nature.

3. **Multisensory technology is not just reserved for flagship stores.**
   Multisensory technology is quickly associated with staging, design, prestige and high investments. Flagship stores are created that are supposed to make the brand shine and the customer marvel. This is certainly legitimate – but it falls far short. The rules of multisensory also – and especially – apply in everyday life. Multisensory is not free-style, but compulsory and can and should therefore create a positive effect in every format. Multisensory is not only staging, but well-being. In the "everyday formats," however, there is too often a sense of operational hectic and improvisation. Narrow aisles, dark areas, scratched furniture or floor tiles, tube systems on the ceiling and a sonorous hum from the cooling elements or air conditioning are just a few indicators that retail too often takes on a pure supply mission. Inspiration and experience – it seems – have been outsourced to the showcase formats. Because multisensory mistakenly has a freestyle nimbus. Instead, it needs to be clear: Every store communicates with its sensory impressions, every store contributes to the image that customers associate in their minds with the retailer. Controlling this sensory communication in the cell, i.e., in the individual store, can bring more success than individual flagship stores can.
4. **Multisensory is not a mere firework of emotions.**
   Only those who can touch customers – this is the formula for success – stand out from their competitors. This quickly gives rise to the urge to place as many elements of emotionalization and inspiration as possible in the sales space. While stationary areas have long resembled walk-in warehouses, today the space must be enhanced with emotion and "experience" – at any cost. However, the uncoordinated fireworks are counterproductive in most cases. What may appear attractive when viewed in isolation in the showroom is suddenly lost in the context of the overall store or even has a disruptive effect. The tendency today is to create too many individual emotions, which on the one hand can quickly become tiring and on the other hand do not fit in with each other and the brand umbrella. As a result, the well-intentioned attempt to strengthen the customer experience falls flat. If, for example, Tommy Hilfiger advertises 20 digital applications for its store concept, then this is impressive, but the embedding of these instruments (including "Mix & Match Screens," "Tommy X You Counter" etc.) in the shopping process and in the overall image of the store are extremely challenging.
5. **Multisensory is not just aesthetics via the visual organ.**
   It is true that the largest part of our perception is taken in via the sense of sight. However, this should not lead to the remaining senses being neglected in shopfitting. Of course, it is more difficult to represent the effects of the design on the sense of smell during layout planning. However, if there is a draft of air throughout the store between the store door and the main entrance, this is definitely relevant. We know that even if it is not explicitly perceived, it can greatly reduce the sense of well-being and the length of time spent in the space. Who would then think that the failure to achieve turnover is also due to the unpleasant draught?

6. **Multisensor technology is not the task of a specialist department.**
   Multisensory cannot be delegated (entirely) to a specialist department. Multisensory should be lived by all employees who are involved in the design of the salesroom. Whether this is the layouter, the category manager, the regional sales manager or the store employee. If a store manager does not have a multisensory feel, then his daily store walk degenerates into a rational checklist. Is the last delivery on the shelf? Are the products properly labeled? Are the payment terminals working again? Disturbing factors such as a foreign scent, blocked walkways, contaminated testers or a lack of orientation are not noticed without the appropriate sensorium.
7. **Multisensory is not a sales machine.**
   If multisensory is used for the mere purpose of increasing sales, this usually leads to disappointing results. Scent marketing, which emerged in the 90s, is the best example of this. Banks, textile retailers and shopping malls used their own scent to create customer loyalty. This bonding can pay off in the long run, but quick sales or contract conclusions are rarely to be expected. In addition, there is a second aspect here: since people cannot escape the smell, this represents a strong invasion of privacy – and, used too intensively, can trigger a feeling of oppression in some people. This counterproductive pressure arises when "old" marketing is tasked with implementing multisensory. Customers are to be seduced – pressure is created. The right questions aim at the sustainability of the communication: What contributes to the customer feeling good and buying more? Or stays in the store more often and longer? Or prefers the higher priced products? Instead of persuading the customer, creating a pull is the "new" marketing. Multisensor technology can be used just as well for this purpose – even much more effectively.

How Can Stationary Trade Create a New Magnetic Effect?

It becomes clear that multisensory technology does not fit into a short-term thinking management and marketing world. And yet the discipline can be seen as the key to reinterpreting retailing (see Fig. A.1). What is to be done?

1. **Multisensory needs a culture change and attitude.**
   In order to be able to develop the multisensory advantages, one must first believe in the renaissance of stationary trade. This means: Neither the frantic adherence to the old business model nor the mindless flight into the digital world will represent the future of stationary trade. But rather: a reflected reinterpretation of the original strengths – also in addition to the advantages of digital instruments (see article by Cornelia Diethelm). This approach is much less effective in terms of publicity than, for example, the presentation of a digital concept store in a prime location. The concept store can be developed and operated very quickly by a team of specialists – without having to initiate a cultural change. However, this path is usually not particularly sustainable. When it comes to

What Multisensory is not	What distinguishes Multisensory
1 Multisensory is not esotericism	1 Multisensory needs a cultural change and attitude
2 Multisensing is not a new phenomenon	2 Multisensory needs empathy
3 Multisensor technology is not just reserved for flagship stores	3 Multisensor technology is a total work of art
4 Multi-sensors are not just fireworks of emotions	4 Multisensor technology is provided in the network
5 Multisensory is not only the aesthetics via the visual organ	5 The hanger for the Multisensory are the brand values
6 Multisensor technology is not the task of a specialist department	6 Multi-sensor technology is detailed work
7 Multisensor technology is not sales machinery	7 Multisensory is joy of life

Fig. A.1 Characteristics of multisensory technology in stationary retailing

reinterpreting retail and reconfiguring the best of all worlds, a cultural change is absolutely necessary (see article by Svenja Reinecke and Tobias Krüger). The commitment of top management must be tangible and the value proposition to the customer desirable. Every employee should know why he or she comes to the company in the morning and where the journey is going.

2. **Multisensory needs empathy.**
I have to be able to put myself in people's shoes and gradually understand what might be useful to them. Companies that use the "customer journey" as a guideline to trace an ideal-typical customer journey – thinking from the customer's point of view – have an advantage here. "Start with the customer and work backward" is what Jeff Bezos, the founder of Amazon, is said to have said. With the customer journey, the standard purchase phases gain significantly in contour, and the (latent) customer expectations can be identified in terms of location and time. Even more: by changing perspectives, potential break points, gaps and quality deficiencies along the "Customer Journey" can be made visible. Is switching channels really as "seamless" as assumed? Are the storytelling and services consistent and attractive enough across all phases? This mental journey requires courage, as it does not seem productive on the surface. However, an attractive "Customer Journey" is characterized precisely by this "thoughtfulness." As a consequence, one would also recognize that the needs of Generation Y and Z are only met to a limited extent with the current stationary formats (cf. interview with Philipp Riederle). A detailed outline of the customer journey could help to identify what is needed to make stationary retail attractive for the upcoming generation. Philipp Riederle's statement that he would definitely shop in brick-and-mortar stores is noteworthy, but that retailers must offer him arguments for doing so. At the moment, retail is too often selling itself short.

   Artificial intelligence can certainly be helpful in sketching. However, empathic intelligence is a prerequisite for the algorithms to be used for their intended purpose, for the insights generated from them to be interpreted, and ultimately for them to be translated into beneficial activities.

3. **Multisensory is a total work of art.**
   Humans perceive their surroundings with all their senses: seeing, smelling, feeling, tasting and hearing. And all of this at the same time. That's why it makes sense, even as a retailer, to perceive the space holistically and, above all, to design and maintain it. The central challenge here is the conscious orchestration of the diverse sensory stimuli. After all, an incongruence of stimuli can have a decisive negative impact on the customer's sense of well-being. The harmonious interplay of stimuli leads to multi-sensory reinforcement. This means that what we experience remains with us for much longer (cf. article by Karsten Kilian). We therefore speak of a Gesamtkunstwerk. The visual, the haptic, the gustatory, the acoustic and the olfactory have to fit together so that I as a person feel good.
4. **Multisensor technology is provided in the network.**
   Because the development of a total work of art requires expertise from very many different disciplines, store design is only possible by networking the organization. A sequential and silo-like planning of the layout does not lead to the fusion of the sensory stimuli. If the category managers, the sales managers, the layout designers, the lighting specialists, the shelf builders and the market researchers do not dovetail their expertise and services in detail, a disharmony will result, not only in the collaboration but also in the perception of the space. An unpleasant (artificial) scent, the mismatched colours and images, the changing sound showers or the not optimally embedded digital signage contribute to a chaotic impression and can lead to a conscious or unconscious feeling of unease. As a consequence, the customer fades out more and more and closes his mind to new (emotionalization) concepts and products. Indifference and a decreasing loyalty develop. Therefore, breaking out of the technocratic silo thinking is relevant and future-proof. After all, the customer does not see the individual service (e.g., the flooring) when he enters the market, but perceives the whole.
5. **The brand values are the hanger for the multisensory.**
   In order for the multisensory activities to be aligned into a total work of art, a hook is needed. This is typically the (retail) brand (see Fig. A.1). For this, it is necessary to clearly name the brand values (cf. contributions by Karsten Kilian and Beat Grossenbacher). A desirable value proposition can help to determine the different components of the brand values. The challenge is to translate these values into the individual senses (brand coherence). For example, does the imagery, color scheme, shelf shapes, scent, and soundscape match the brand? Abercrombie & Fitch, for example, have long successfully taken brand coherence to extremes.

   The harmony of the sensory stimuli in the sense of the total work of art already described (cf. Fig. A.2) represents the second challenge (sensory coherence). The multisensory amplification that occurs in a harmony can amplify the presence of the stimuli tenfold. For this reason alone, this coherence is important. Coherence along the Customer Journey (third challenge) has been described in the previous point on network organization. Only if the red thread from the (retail) brand to the customer is guaranteed will the multisensory effort pay off.

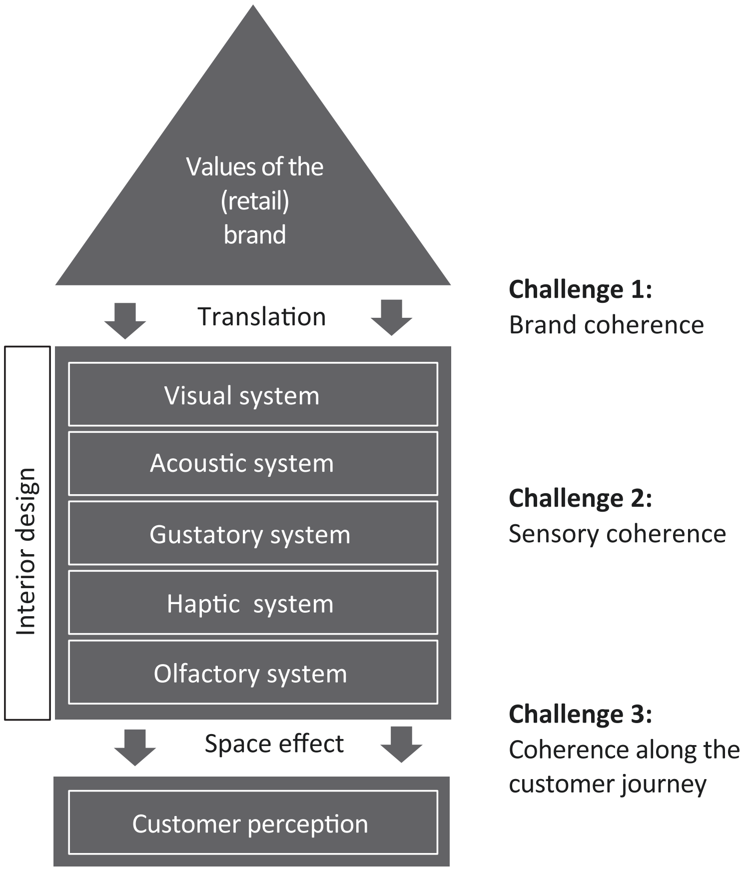

Fig. A.2 Multisensory technology as a total work of art

6. **Multisensor technology is detailed work.**
   In Switzerland, the retail trade is also called the retail trade. In fact, the success of the retail trade is based on detail work. This is also the case with multisensory. It is not the beautifully designed counters or the fantastic lighting concept that are ultimately decisive for multisensory success, but often the elimination of disruptive factors (see article by Bert Ohnemüller). These can include avoiding too many ceiling hangers, displays or floor stickers, inconsistent colour schemes (e.g., the same purple for the cheese counter and for the lingerie department), a loud and restless atmosphere or a lack of hygiene in the changing room. These are all points that hardly appear in customer satisfaction surveys and are hardly noticed or go unnoticed during store tours by sales managers. But all in all, these supposed trivialities contribute to the fact that people as customers feel less comfortable in the area and in the worst case do not visit the sales outlet anymore.

7. **Multisensory is joie de vivre.**
   Multisensor technology is not just a working tool. Multisensory technology puts the joy of life of the retailer onto the surface. Multisensory technology as a pure working instrument is soulless, often styled through, functional and unapproachable. This can often be observed in concept stores and pilot branches, where the future is supposed to be depicted. Through multi-sensory technology, however, customers should be welcomed with open arms. The feeling of well-being must already be clearly visible in the entrance area. The joie de vivre can only really be felt when there is a clear attitude behind the retailer's activities. Serving the customer is the essence of it.

   Multisensory technology is a way out of the hopelessness of stationary retail. Instead of being suspicious of the loss of customers to online retail and possibly reacting with the usual reflex (a big discount battle), a return to the customer can open eyes. This can be observed in the furniture trade, for example. The big participants promise price reductions of 25, 50 and sometimes up to 75%. This undermines the credibility of the prices and all other sensory stimuli are hardly cultivated any more. The consequence is a further decline in frequency. Interestingly, many smaller specialist retailers in city centre locations have resisted this discount battle and have increasingly turned to the needs of young, urban customers. Products are offered for testing (cf. article by Pierre Farine), advice is further enhanced by digital means and products are delivered in a straightforward manner or even provided with a service over a period of time. In this context, the store is transforming from a storage space to a showroom. Only IKEA has recognized this trend and helped to shape it.

   By describing the characteristics of multisensory technology, we have – we hope – opened up the field for holistic and customer-centred store design and created a basis for scientific discourse and, in particular, practical implementation. The articles have shown that the interface between psychology, business administration, art and architecture is incredibly fascinating, but at the same time associated with very many challenges in practical handling. With this work, we hope to be able to offer many thought-provoking impulses and approaches for further design. What for? To preserve the attractiveness of stationary retail for the future. For this, not standstill, but a renaissance is necessary. To conclude, we have compiled the following food-for-thought list to outline the role that brick-and-mortar retail can play in the future.

What Role Can Stationary Retail Play in the Future?

1. **Trade as a place of encounter and identification**
   What used to be the marketplace or village square is now also the retail trade. People long – despite or because of the increasing anonymisation of our society – for human interaction on the physical floor and for a bond, for identification. The retail space offers a platform for this. The interaction can be based on an (advisory) conversation with the employees, the customers on site or by lingering and observing what is going

on in the market. Shopping is a social experience that is associated with many emotions. The excitement about a new sneaker can only be shared via WhatsApp to a limited extent. The “Third Place” also stands for a space where people meet and feel secure and entertained. It becomes clear that these cannot be warehouses, but staged living spaces combined with the possibility to do one’s shopping. With its formats, e.g., in New York and Dubai, Eataly shows the attractive design options for this. These are not just isolated seating areas or a lost coffee machine next to the changing room, but a fusion of gastronomy, production, further education, experience and shopping.

2. **Retail as a curated source of inspiration**
   It is true that variety is regularly cited in customer satisfaction surveys as the most important feature for visiting a store. Many retailers use this as an argument to continuously increase their assortments. The effect of this is that they confuse their customers – this is known as consumer confusion. But what the customer actually means by wanting more variety is that exactly the “right” assortment is offered. This gives curation much more weight. And with it, digitalization. Because with the help of artificial intelligence and data analyses, this endeavor can be seconded. Recommendations for assortment are then based not only on trend analyses, but also on the (predicted) behavioral patterns of the core target group. This gives the original task of the retailer – curation – a new quality. At the same time, the profiles can be used to make valuable recommendations to customers. Data protection is only called for when a subjectively felt imbalance of power is suspected. Therefore, the onus here is on the retailer to cultivate a value-added balance between themselves and their customers.
3. **Retail as a world of experience**
   The purchase of supplies is continuously being shifted to the virtual world. The purchase of beverage bottles, barbecue charcoal or printing paper, among other things, has little physical appeal. However, the majority of experiential purchases are likely to remain stationary – provided that the world of experiences is served accordingly by the retailers. This includes first and foremost experiences and adventures and only secondarily the product range. A rational value proposition is still relevant, but is no longer sufficient on its own to create a pull. For example, American Girl does not simply offer a doll assortment. The American chain offers individualized dolls for children and a complete experience for the lifetime of the doll. From the hairdresser (yes – even the doll’s hairstyle needs to be taken care of) to the hospital (for any repairs in case something gets broken during play) to birthday parties (for the doll, of course – not for the child), everything can be found on the sales floor. This world of experience creates joy and an emotional connection. In this world of experience, the customer shares his data more freely because he experiences continuous benefits based on his profile.
4. **Trade as a single cosmos**
   Yes – of course the digital world has a place in the stationary space. The dovetailing of channels and the embedding of digital tools in the customer journey are among the success factors in the renaissance of brick-and-mortar retail – always under the premise of multisensory harmony (see article by Pierre Farine). As soon as technology is not

implemented on the floor as an end in itself and is embedded seamlessly and profitably into the customer journey, a new shopping experience can emerge. Seamless interaction is becoming a compelling requirement, especially for the upcoming generations. Click-and-collect pick-up stations in the far corner of the basement are certainly not one of them. Augmented reality applications for imagining the new piece of furniture in one's own four walls, however, very much are. The question is not online or offline, but the interplay of all channels with which the customer interacts. Whether Instagram, Facebook, online channel, station shop, hotline or flagship store. The (digital) tracks that are laid in the individual channels should be brought together on a meta level and processed for the benefit of the customer.

5. **Trade as a problem solver**
   Trade is not an end in itself. Successful trade is oriented towards the (latent) needs of people. There are many imponderables in our everyday lives that have not been identified or addressed by retail. Both in terms of products and services as well as in terms of the purchasing and decision-making process. Multisensory technology comes into play especially in the latter. We customers must then consciously or unconsciously settle for a second-best solution or forego consumption. These imponderables can only be recognized if one deals intensively with the everyday life of the customer.

So it takes breaking out of the usual processes. A continuous questioning of one's own business model. And the courage to say goodbye to the classic system of key figures and incentives and instead focus on customer value. From this point of view, retail will probably not die. But it will definitely have to reinvent itself.

Reference

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Gunnar Mau holds the professorship for Applied Psychology at the DHGS German University of Health and Sport in Berlin. At the same time, he is president at this university. A psychologist by training, he completed his doctorate at the Faculty of Economics at the University of Göttingen on the topic of "Emotions when shopping in online shops" and subsequently habilitated at the University of Siegen. He researched and taught at various universities on topics of consumer and retail psychology. Most recently, he held a professorship for business psychology at the private university Schloss Seeburg in Austria. In addition, he was one of the founders of a market research company in 2008 and is still a member of the scientific advisory boards of several consulting agencies and associations.

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