



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

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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.

Reference

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