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

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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:

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

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 \notin 50, that's around \notin 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 \rightarrow truth \rightarrow 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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