

TWICE AS QUICK

Hartmut Falter and Christian Riethmüller are an unusual tandem. In competing with major online booksellers, these two businessmen rely on athleticism, fitness, and discipline. Their shops have a single aim—to satisfy their customers.

📷 GERALD SCHEFFELS 📷 JÖRG EBERL



Mayersche's executive partner Hartmut Falter applies serious force to the pedals while Osiander's managing director Christian Riethmüller holds the course. Osiander's logistics center pre-sorts and packages deliveries for all branch stores in the chain.

Twenty or thirty years ago, bookstores could be found in some of the most prominent downtown locations. Today hardly any bookseller can afford that. Around 400 shops in Germany closed in the period from 2010 to 2014 alone. Two medium-sized regional chains are rising to the challenge and are also working closely together. Both are family-run companies with long traditions. And both have learned from the discount sector and from consulting services how to focus on efficiency.

Christian Riethmüller, a managing director of Osiander, and Hartmut Falter, an executive partner of Mayersche, are making substantial changes to their companies. They are combining brick-and-mortar bookstores with online services and e-readers. At the same time and with the support of Porsche Consulting, they are restructuring the work at their stores to give their employees considerably more time with customers. They are posting substantial sales, in part due to additional products that often bring better profit margins than books, which in Germany are subject to retail price maintenance. Riethmüller and Falter do a lot of things together, such as their project with Porsche Consulting. And finally, neither minces words when it comes to criticizing publishing houses and book fairs, or to praising their main competitor Amazon.

LEARNING FROM THE COMPETITION

Last year the two businessmen traveled to Seattle, where Amazon had opened one of its first bookstores—in a relatively small space with a very narrow range of around 6,000 titles. Falter summarizes what they learned from their visit: “Amazon determines what to offer based on algorithms from the online business, not on the expertise of industry specialists and employees. That kind of individual expertise is not transferrable. The range of titles is extremely reduced, but even in Germany our spaces are getting smaller. These days, large stores with more than 2,000 square meters of floor space only make sense in cities with more than half a million people.” What impressed the two Germans on their trip to Seattle was the way cus-

tomers are approached and advised. As Riethmüller explains, “When you enter the store, they really see you and place a priority on serving you.” That is possible because the employees’ job description consists almost exclusively of advising customers. The book industry in Germany could learn from this, as an analysis by Porsche Consulting showed. Osiander and Mayersche employees were spending only twenty percent of their time talking with customers. The (large) remainder of their time was spent on activities like sorting, shelving, repackaging, and ordering.

MATERIAL FLOW: LEARNING FROM INDUSTRY

The results of the study surprised not only the two directors but also their staffs. The retail sector can benefit here from the material flow expertise in the automotive industry. So at two pilot shops for each of the companies, the consultants introduced measures such as sorting books from carts that take set routes through the stores. In addition, employees now shelve books before the stores open. This has given them more time for customers. The incoming goods process was organized more efficiently,

as was that for returning books to wholesalers and publishing houses. And each shop now has core times for “power selling,” when all staff members except for cashiers engage exclusively in customer consultations.

THE RESULT: CONSIDERABLY MORE TIME FOR CUSTOMERS

In parallel to these pilot projects, the experts from Porsche Consulting trained some of the employees to be trainers themselves for continuous improvement processes. A manual entitled *More Time for Customers* was developed. With the help of this manual, the trainers can explain the project results to other branches and assist those teams in implementing the changes there too. At the pilot branches, the amount of time spent advising customers has more than doubled: from twenty to fifty percent. This is still not as much as at the Amazon bookstore, but that doesn’t worry the German managers. As Riethmüller notes, “Our employees have much more expertise than the people at Amazon. If we can succeed in combining this expertise with an enthusiasm for sales and in accomplishing the auxiliary tasks more efficiently, we will definitely be better.” →

THE PROJECT

The fact that you won’t see Mayersche or Osiander staff juggling stacks of books or shelving them during opening hours is a result of the work with Porsche Consulting. Here are some of the steps being taken at the 87 branch locations of the two companies:

Incoming goods: Books sent by wholesalers and publishing houses are sorted directly on carts.

Shelving: Instead of placing books in crates, they go directly to carts that take set routes through the shops. This shortens walking distances, and presents a more orderly appearance.

Time management: Shelving is done before the shops open—giving employees more time to advise customers.

Cash registers and order shelves: The operative principle here is “neat and clean,” so books awaiting pick-up can be quickly located and handed out.

Power selling: During specified core times, all employees (including branch managers) concentrate entirely on sales, with each employee assigned to a specific part of the store.

WILL AMAZON REVIVE BOOKSTORES?

It’s crazy, actually. We order books online, but can’t leaf through them before making a purchase, and we may wait days before they arrive. Not only that, we might not be at home when they do arrive, so we have to go somewhere else to pick them up. Buying books at a shop is a completely different experience: inviting surroundings, comfortable stuffed chairs for browsing, a café right on the premises, an appealing children’s corner, and well-read clerks with advice on what you might like. We’re talking style. There’s nothing old-fashioned about that. That could well be the reason why the online giant Amazon is opening shops. Bookstore culture is making a comeback. It could revive the brick-and-mortar business—and many of the marvelous bookshops around the world.



Amazon Books // USA This online commerce company opened its first bookstore in Seattle in 2015, and now also runs stores in Portland, Dedham, Chicago, and San Diego. A card below each book shows its online customer ratings. The selection criteria are based on online reviews, sales figures, and advance orders. Each shelf also contains an Amazon e-reader with all the works in digital format.



Barnes & Noble // USA Founded in 1965, the Barnes & Noble chain currently has around 640 bookstores throughout all 50 U.S. states. Like the one in Eastchester, New York, all of them are spacious with comfortable places to sit. The cafés at Barnes & Noble are run by Starbucks. Nook is the brand name of the company’s own tablet. Visitors can use it free of charge to browse through digital books, newspapers, and magazines.



Atlantis Books // Greece In 2004, six friends from Cyprus, England, and the USA set off across Europe from Cambridge to the Greek island of Santorini in a Ford Transit full of books. They opened a bookshop with a view of the sea in the town of Oia. They display some of their books outdoors. And they themselves produce small volumes that can be sent in envelopes by mail. In response to high demand, they founded Paravion Press.

Dominicanen bookstore // Netherlands This store is located in a converted Gothic church in the center of Maastricht. Its 700,000 annual visitors find around 25,000 titles, new and used, in Dutch, English, French, Spanish, Italian, and German. The store holds 150 exhibitions, roundtable discussions, and readings a year. A café was installed in what used to be the choir.

LET'S BE CLEAR

OK, we'll sit on a tandem. Come on, take the photo. Five shots, that should do it. A joint interview? Ten minutes, that's all. Christian Riethmüller and Hartmut Falter maintain a quick pace. They are focused on their customers, and thus have little time to spare. However, we noted a few of their comments about the industry—which get straight to the point.



CHRISTIAN RIETHMÜLLER on ...

... **digital reading:** "It remains to be seen whether the e-book trend will continue. It has already leveled off in the English-speaking world, although this might have something to do with the many free or low-priced print books on offer. The fact is, people are reading more than ever. And our target group of frequent readers also wants to do so on the move."

... **fear:** "If you're fearful by nature, you shouldn't be in retail."

... **publishing houses:** "I went to the last Frankfurt Book Fair on the days it was open to the public, and experienced it from the perspective of end customers. My impression is that 95 percent of the publishing house stands were non-interactive and frankly boring, despite the fact that their visitors are avid book fans. This puts our industry in a poor light. We want to do things differently and excite our customers—every single day, every time we talk with them."

... **customers:** "Customers have considerably higher expectations these days. And we're facing tougher competition.

CHRISTIAN RIETHMÜLLER

Born in the Swabian region of Germany in 1975, Riethmüller is one of two managing directors of the long-standing Osiander book chain. Founded in 1596, the company is owned by a family foundation. Over the past ten years, it has quadrupled its number of shops in southern Germany to 40. With sales of 79 million euros in 2016, Osiander is the fifth-largest bookseller in the country. Plans call for the network of bookstores to be expanded to up to 60 locations over the next five to ten years.

Not all of our customers want in-depth advice, but you have to let them know that you're ready and able to provide it. Speed at the cash register is also an increasingly important factor—no one wants to wait."

... **Amazon:** "We've already underestimated Amazon twice: first with their online business, then with the Kindle. We can't afford to do that a third time. We have to look at what the most successful retail business in the world does well. And whether we can adapt and apply some of their practices. Our job is to be at least as good as they are. Even if Amazon brings some of its own bookstores to Germany."

... **his time at Aldi, the discount supermarket chain:** "Yes, there's something of Aldi in Osiander, namely, performance indices. Each branch logs its sales and number of employees every day. We can use these figures to optimize our work. For example, we've reduced our percentage of personnel costs vis-à-vis sales by four percent. That has given us better processes and more revenue."

HARTMUT FALTER on ...

... **consultants:** "It's important to have external consultants initiate and guide change processes. People attach greater weight to outside expertise and authority—even managers listen with different ears."

... **the Porsche project:** "We have freed up blocks of time. Now we're ready for stage two: we have to turn this time into customer contact and active sales. That's our next task."

... **the book industry's reputation:** "Customers value not only books but also the book industry. They spend quality time at our stores, which they consider attractive. So the framework conditions are favorable. If we can also succeed in having our employees offer outstanding purchasing experiences, then we will be in a very good position in a very dynamic market environment."

... **shopping these days:** "Customer behavior has changed enormously. Everyone can access every product at any time of day or night. So we have to make things as simple,

fast, and convenient for customers as possible. It starts with traffic routes and parking fees. Retailers have to pay a lot of attention to that. And once customers get to the store, can they quickly find what they're looking for? Will they get sound advice? Is the service good, is the staff accommodating?"

... **inspiration:** "When I make purchases online, I know what I'm looking for. But at a shop I want to be inspired. That should be the basis for our selection and presentation, and also for the advice that our employees give. Customers are often well informed when they walk in the door. Our job now is to sell them additional products."

... **online sales:** "The book industry has made the shift to an online business, and books are products that can be completely digitized. It's different in the clothing industry, but there too the percentage of online sales has risen for about the last three years. The grocery industry is going through this right now. These are really disruptive processes, but we have dealt with the situation. It'll be interesting to see how e-commerce will work in the grocery sector." ←

HARTMUT FALTER

Born in Aachen in 1964, Falter is an executive partner of the Mayersche book company, which has 47 locations in the states of North-Rhine Westphalia and Rhineland-Palatinate. Like market leaders Thalia, Hugendubel, and Weltbild, Mayersche also had to close some stores a few years ago. But it has been expanding again since 2015, and posted sales of 155 million euros in 2016.

