Retailing and the Moment of Truth

For centuries, retailing comprised direct face-to-face contact between a service provider and the customer. In traditional models of retail service encounters, face-to-face transactions predominated. Such encounters were composed of moments of truth between the service employee and the customer. This socioccommercial relationship meant that the retail service encounter was rich in moments of truth. But the situation didn’t stop there. Retail outlets also needed to develop business and often personal relationships with producers and their suppliers, including any necessary middlemen whose role was to ensure smooth transactional flows. In general there was a strict demarcation of roles within the supply chain from producer to retailer. Transportation of produce was in some cases the preserve of the producer. Storage and packaging was undertaken by the retailer. Needless to say, there were exceptions: a retailer might use its delivery vehicle to collect produce from a centralized facility such as a wholesale market or a warehouse. The market would then be a link in the supply chain with the responsibility for dividing large quantities of produce into smaller portions (from wholesale batches to individual retail qualities). When produce was especially bulky or required preservation (such as refrigeration), bulk storage or refrigeration facilities might be sited in areas where comparatively lower rents allowed larger premises. The invention of refrigerated vehicles allowed this type of facility to become mobile and shifted the task to another link in the logistical supply chain: the specialized transportation company. The increased size of such vehicles meant that deliveries could be made overnight in time for the next business day. Thus, packaging that was sized for an individual customer (such as wrapping meat, cheese, or fish) and done on a counter in the customer’s presence shifted earlier in the supply chain toward the producer. A number of retailer-customer moments of truth are lost. These are replaced by convenience for both retailer and customer. Convenience, such as speed of service or product delivery, low price, packaging, or ready availability of
the product, tends to be a ready substitute for detailed and personal service. Personal service in the traditional sense tends to be expensive (and often part of a luxury service offering). Innovations and novelty in retailing began to be seen in the mid- to late 1800s. The rise of the department store is attributed to mass migrations across oceans and from the countryside to urban centers, which led to cities becoming more populous during this period.¹

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**The Birth of Modern-Day Retailing: Le Bon Marché**

Toward the end of the third decade of the nineteenth century Aristide Boucicaut (1810–1877) opened a general store in Paris. Called Le Bon Marché (The Good Deal), the venture was successful and the entrepreneur wished to expand. Around the mid-nineteenth century, Boucicaut commissioned architect Louis Auguste Boileau to propose a purpose-designed building in Paris to house a much bigger store. Le Bon Marché held a number of new experiences for its customers. In contrast to other contemporary venues for buying goods, the store had elegantly designed premises and spacious shopping areas. The merchandise was displayed on open counters rather than in locked cabinets effectively guarded by the shop assistants. The store offered merchandise at fixed prices (indicated on price tags) and a guarantee of replacement if the merchandise later proved unsuitable. Clearly these were key attributes for business success. Several years later, the store expanded further when the engineer Monsieur Gustave Eiffel was approached to design a suitable building in which to set out his vast range of merchandise. Monsieur Eiffel (later to create the famed Eiffel Tower for the 1889 World’s Fair in Paris) designed a department store that complemented the elaborate displays of exotic fabrics, clothing, and accessories. With countertops used to display merchandise, shop assistants and customers occupied the same space on the sales floor. Proximity of server and served replaced distance across a wooden counter, and instead of being handed goods, customers handled the merchandise they wished to buy (or merely to touch). Customers’ spending appetites were stimulated by tactile contact with their purchases. Customers, who tended to be members of the burgeoning affluent middle classes or merely those with middle-class aspirations, flocked to the new concept in retailing and service. Personal service intimacy was an overnight success. By 1914 Le Bon Marché was the biggest department store in the world. Around the same period, Lord & Taylor and Macy’s in New York and Marshall Field’s in Chicago were establishing their reputations with similar service offerings. Slightly later, in the 1880s, Grace Brothers, David Jones, and Myers were developing their retailing businesses in Australia.

Some decades later, in the early 1900s, American retailing entrepreneur Harry Gordon Selfridge (1858–1947) developed his retailing concepts and
knowledge in Chicago. Following a holiday visit to London in 1906, Selfridge decided to invest in his own department store in that city. Conjecturing that in terms of size or range of merchandise he could not compete with similar stores in the large cities of America or in Paris, he sought ways to differentiate his store. Clearly the store would have to be located in London. At that time London had a population of about 6.5 million and was the administrative and financial center of an empire “on which the sun never sets,” although this was waning and would never reach the imperial heights of the mid-Victorian era. In 1909 Selfridge opened his emporium on London’s Oxford Street. Selfridges was not London’s first department store. That honor belonged to the store owned by William Whitely, a seller of drapery and linens who had opened his shop in Bayswater in West London. On November 5, 1876, just after Whitely had expanded his drapery business to include departments selling fresh meat and groceries, local traders formed a mob to protest this outrage. A sizable mob gathered in Westbourne Grove and cast an effigy of William Whitely into a bonfire set up to commemorate Guy Fawkes’ night.2

Over time, Selfridges combined merchandise with attractions to draw in customers. A main attraction was the breadth of merchandise offered in the store. Before the inception of the department store, a key to success for a merchant was specialization.3 Most shops focused on one sort of good and tended to congregate in particular areas. In London, Smithfield was the meat market, Covent Garden the market for fruit and vegetables, and Billingsgate specialized in fish. Craftspeople also tended to bunch together so that Savile Row is still famous for men’s suits, and nearby Jermyn Street has numerous shirt shops.

The contribution of these early pioneers to the modern shopping service experience was to allow customers the sensory experience of handling the merchandise that previously had been placed out of customers’ reach and handled solely by the shop assistants (often wearing cotton gloves).4 Stores were designed to be what is now called open plan to give customers a sense of space. In turn, this encouraged customers to see shopping as a leisure activity, rather than as a household chore delegated to the work of servants and housemaids. Within the stores themselves were nonshopping venues (such as rooms in which to relax, libraries perhaps, and quiet rooms for reading and writing). Furnishing in these spaces tended to be luxurious, which added to the cachet of frequenting the store. In times when streets were not wholly paved or free of refuse, the attractions of space, tranquility, and soft furnishings seemed to be an irresistible combination. The store owners and of course their designers began a trend that endures until today. In the selling zones of the store, shop assistants were hired for their ability to sell in a subtle manner—not too pushy, but providing sufficient information about the merchandise to whet the customer’s appetite to try, to taste, to purchase. Moreover, Le Bon Marché also offered customers a guarantee of replacement if the merchandise later proved unsuitable. As an amalgam of experiences, coupled with the sensory perceptions (especially touch, taste,
feel, and smell) of the merchandise, the new shopping experience must have seemed extraordinary. So much so that it was a template for other industry sectors. Almost simultaneously, world-class hotels were developing models of service delivery for their clientele.

What the Retail Pioneers Gave to Modern-Day Retailing

At Le Bon Marché, the shop assistants stood in close proximity to the customers. This facilitated a more personal style of service, as the assistant could now allow or even encourage the customer to touch the merchandise. The lack of a physical distance and wooden counter to act as a barrier and goods on open display encouraged customers to feel the merchandise with or without the permission of the shop assistant. While this was far from self-service, it was a radical departure from the structure of giving service to customers, which continued to be the norm in shops, including Le Bon Marché’s competitors. Formerly, a wooden or glass counter separated the customer from the sales assistant. Customers mainly approached a sales assistant when requesting service (such as information on price, quality, or availability) or when intending to purchase merchandise. Merchandise was visible but out of reach in display cabinets, in shop windows, or was placed some distance above the shop floor. Now with a closer proximity of the customer to the merchandise on open display, the customer is given more choices. She not only is tempted to touch and feel the goods, but also can handle the goods while discussing their qualities with the sales assistant. As is now recognized, customers who touch products are more likely to spend more than customers who do not touch products. It would be faux naïf to believe that M. Boucicaut was unaware of this when he commissioned the design of his emporium.

Psychologists say that the sense of touch is the most emotive of the human senses. As infants our sense of touch is the first of our senses to be developed and provides our main engagement with our environment. Touch is said to be a proximal sense, as the physicality of the tactile sensation is not moderated or filtered by air (as in the senses of sight, hearing, and smell) or by saliva (in the sense of taste). The main facilitator of our tactile sense is the skin. Sight-impaired people learn to navigate their environment using touch as a key sense, perhaps using a stick or cane and often complemented by a sense of hearing more attuned to their immediate environment. The skin is the oldest and largest of the human sense organs. It covers our skeletal and muscular form like a flexible cloak acting as a means of communication and protecting us like a shield. It has the remarkable facility to renew.

The average adult human male has about 18,000 square centimeters of skin, which accounts for around 18 percent of his body weight. With these statistics it is little wonder that the skin provides us with so much data about our
immediate world. We rely on our sense of touch to confirm the inputs of our other senses. We tend to trust our sense of touch in ways that we don’t do with our other senses: “I couldn’t believe my eyes,” “I could hardly believe what I was hearing.” A painting titled *The Incredulity of Saint Thomas* by Caravaggio (1571–1610) depicts Apostle Thomas, one of the twelve disciples, touching the body of the resurrected Christ to confirm physically that the Messiah had indeed risen from the dead by feeling the wounds of the crucifixion nails. The incident earned Saint Thomas the nickname Doubting Thomas.

Our shopping experiences are enhanced by our sense of touch. Apart from the physical sensations literally at our fingertips, our entire skin communicates to us. Called haptic information processing (from the Greek word *haptikos*, meaning “the ability to hold or touch”), this innate attribute of our bodies enables us to engage with our immediate environment. Researchers and specialists in this field separate haptic from tactile processing and passive from active use of these sense mechanisms.

A sense of touch enables shoppers to gather and assess information about the product they intend to purchase (or not). Different shoppers use their sense of touch in different ways. Some shoppers are minimalist in their approach, touching products solely to place them in their shopping cart. For others, touch has a wider range of uses, for example, to gauge the size, temperature, ripeness, weight, or robustness of a product. Most children and many adults are inveterately tactile. Shopkeepers who post a sign informing customers “do not handle or touch the fruit and vegetables” deny their potential customers a useful tool for evaluating produce and may be impeding purchases. Retail specialists say that touch provides a strong motivation for a shopper to buy a product. For many consumers, touching a product supplements available information that may be scarce or potentially misleading. Consumers touch products to seek assurance from their personal experience based on prior knowledge (perhaps muscle memory) of what the product should ideally feel like. A need for touch scale attempts to identify, quantify, and explain the preferences and emphases that different people place on their sense of touch when they go shopping. Our sense of touch (haptic information) influences how we feel about a shopping environment and what we choose to buy in that environment. It is likely that allowing consumers to touch products extends the length of time that a consumer spends in a shop.

Another of the shopping innovations to be found at Le Bon Marché was the fixed price of the goods as signified by pricing labels on the merchandise. This was not merely a marketing gimmick to increase profits by preventing customers from negotiating a lower price (haggling), but represented a steep change in consumer shopping behavior. At that time, the predominant form of buying and selling was to haggle.

When the customers can see the prices of the merchandise they gain independence from the shop assistants. The floor space allows customers to move from one fixture to another to compare prices and quality. While not
yet self-service (several more decades would be needed before that became accepted shopping behavior), the customer was being given the freedom to compare products without the polite (but sometimes insistent) intrusion of the shop assistant. As was conventional at the time, payment and packaging of the chosen product was still the preserve of the shop assistant. As the customer now had more flexibility of movement and choice, so the shop assistants had a degree of flexibility of action and focus. By not being tied to the one customer they were currently serving, shop assistants could spend more time with particular customers (such as regulars, perceived high-worth individuals, or those requiring extra levels of service). At a time when shop work was becoming more of a profession (especially for females), this allowed for a person to gain experience and expertise in service. Famously, some years before registering herself as a designer in 1919, Gabrielle “Coco” Chanel (1888–1971) had opened and run two shops. She opened the first, a millinery boutique, in Paris in 1910 and was by all accounts very successful, the hats being bought by theater companies and fashionable society. She opened her second boutique in the fashionable seaside resort of Deauville on France’s southwest coast. The shop sold Chanel-designed clothes and hats that were modeled for customers and townsfolk by her sister and her aunt.†† Coco Chanel may have been among the first fashion designers to have worked in a shop, but she probably won’t be the last.

An interesting contrast of changes in shop layout and service functions can be found in a recent novel in which a series of unfortunate personal circumstances have prevented the protagonist from shopping to buy razor blades for several decades. Entering a chemist’s shop in 2011, the modern shop layout is disconcerting to him. The realignment of service from the shop assistant to the customer clearly comes as a shock:

The last time I had properly gone shopping was back in 1924 or 1925. In those days one could go to a haberdashery or soap shop. To purchase a razor nowadays, one had to frequent a chemist’s; Fräulein Krömeier had told me how to get there. Rossmann was the name. Upon arrival I realized that the appearance of the chemist’s had changed out of all recognition. Once upon a time there was a counter, and behind this counter were the goods. Although there was still a counter, now it was situated close to the entrance. Behind it was nothing but a window display. The actual goods were stacked on an endless succession of shelves, for every man to help himself. My initial supposition was that there were dozens of sales assistants, all in informal dress. But it turned out that these were the customers, who wandered about collecting their items and then took these to the counter. It was most disconcerting. Rarely had I felt so impolitely treated. It was as if I had been told on the way in to look for the paltry razor blades myself, as the chemist had better things to do.‡‡

However, considering the environment and evaluating the changes from the perspective of the shop owner reveals a number of commercial advantages
to the shop layout. In fact, the chemist shop described by the novel’s protagonist bears all of the hallmarks of a classic format of a self-service supermarket. A store reconfigures its floor area and shelving to allow customers to meander freely through the aisles so that they can handle displayed goods and compare the range of products in terms of price, packaging, weight, size, freshness, and other attributes to meet the customer’s needs. Ostensibly to aid the customer, the store provides baskets and wheeled trolleys in which customers can place their goods. The supermarket shopping trolley, invented in 1937 (and patented in 1938) by American supermarket owner Sylvan Nathan Goldman (1898–1984), helped self-service stores solve their business problem of how to move goods from the open shelves to the checkout counter when customers have access to the shelves and the store operates with a reduced number of serving staff. The shopping trolley is a further example of how service shifted from the serving staff to the customer. And, unlike a shopping basket, which a customer needs to carry and which increases in weight with each additional selected item, a trolley doesn't reveal the weight of the goods being bought. It is thus conceivable that the customer is likely to buy more. Once a customer decides on the purchases, the checkout system and process is located near the exit. In the novel our newly arrived protagonist is not slow to understand the business economics that underpin the modern design of the chemist’s shop:

Gradually, however, I grasped the logistics inherent here. There were indeed a number of advantages to this system. First of all the chemist could make large sections of his sales depot accessible, thus affording him greater selling space. Furthermore, it was obvious that one hundred customers would serve themselves quicker than ten or even twenty shop assistants could have done. And, last but not least, one could save money by dispensing with these shop assistants. The benefits were crystal clear.

Where shop assistants and customers share responsibilities for service provision, the customer will have predictable reservations and, to a certain extent, fears. Unlike over-the-counter service transactions, in self-service environments the customer needs to navigate a free-flowing physical environment in which merchandise, other customers, and shopping equipment such as trolleys intrude into a shopper’s gangway. Physical movement may be further inhibited by other shoppers’ unfamiliarity with the store layout and their being caught up in the attraction of browsing.

Retailing in the past was dominated by the moment of truth in the meeting of the staff and the customer. The retail shop had many times direct contact with producers. But the storage and the packaging were to a large extent done in the shop in close contact and cooperation with the customer. But in the 1950s we could see the beginning of a rapid change in this process,
particularly in the United States. About a decade later new methods of retailing started to occur also in Europe and very early in Sweden.

The main issue was a redistribution of tasks between the shop assistant and the buyer. This was the beginning of the first science of automation in the process of retailing. Much earlier we saw the introduction of ten-key keyboards for the cashiers to enter the price and some special codes of the goods to be purchased. At the time, there was quite a heavy discussion in retailing of whether the ten-button keyboard was an improvement or not. Many of the cashiers thought that a full keyboard from companies such as NCR and Hugin would be much more efficient for the task. To enter the sum of, for example, $100 was much faster than to enter 1-0-0 on a ten-button keyboard.

One of the current authors (TI) was involved in evaluating this paradigm shift in retailing. As history now reveals, this paradigm shift became much larger than was apparent at the time. It became much larger than merely the change of keyboard style in retailing. It was the start of a dramatic change in retailing. During the 1960s, the whole concept of retailing started to change, from the design of keyboards to the first attempts to automation in the process of handling the finances, stock keeping, storage facilities, and other components of the retailing process.

In the United States the changes preceded by ten years or more the changes we saw in Europe. However, the co-op chain of retailers was involved very early in this process of change. This retail group took a leading role in Europe. A key concept was the introduction of special checkout systems. Another important component was the introduction of the ten-button keyboards. In a few chains this new system was connected to local computer systems. In the case of the co-op chain these were on a regional basis connected to a kind of mini-computer bought from the Saab aircraft manufacturer. This was probably one of the first examples of a mini-computer in an administrative application. An interesting point from an ergonomics point of view was the involvement of the co-op’s ergonomics department and department of environmental studies. Already from the beginning the design of the new process integrated a systems ergonomics approach. As a part of this systems ergonomics approach, the ergonomics department developed a systemized allocation of function according to the model of Singleton in the UK and Ivergård of Sweden. This allocation of functions made it possible to define what tasks should be carried out by people and what tasks should be handed over to automation.

Very early in this process the ergonomists of the co-op understood that the new work structure in the checkout system would create a lot of physical problems. Remedies needed to be introduced very early in the design. From an ergonomics point of view, the workplace in the form of a checkout unit was based on a sitting/working posture where all of the physical work could be handled easily by the cashier. The physical handling of goods (which can be up to many thousands of kilograms per day) needed to be simplified. The workload on the cashiers could be reduced to some extent by the use of
two sets of conveyor belts. Evaluation of these checkout systems indicated a high level of productivity improvements. However, the workload was still too heavy and constituted a health risk for the cashier.

The Swedish co-op company Hugin had in parallel, but independently, been developing an automatic reading device for inputting information about lotteries and sports events such as football matches and horseracing. The co-op’s ergonomics department was asked to make an evaluation of the Hugin reading system to look into the possibility of introducing other application areas of this optical reading device. The co-op’s ergonomist immediately understood the possibility of using this form of reading device as a complement or an alternative to the new keyboards. An internal designer at the co-op’s design department had already designed circular codes that could be used for optical registration of information. These optical readers would, in other words, be suitable for incorporating into the checkout system. Using these devices, the checkout assistant could read information from various angles. However, in the United States, a company had already been developing a standard for reading bar codes. The co-op designers tried to persuade their U.S. colleagues of the advantages of a circular bar code reading device. However, the Swedish co-op was too small to be able to influence the selection of circular codes in a bar code system. Over the past forty years, bar code readers have been developed and are rather competitive to circular codes. Most likely in the near future we will see other types of radio-transmitted codes, and bar codes or circular codes will have mostly outlived their usefulness.

At this time, there is occurring a reallocation of checkout systems. Instead of allowing the cashier to identify the purchased items, this function is being transferred to the customer. Nowadays, in many supermarkets, the customer uses a handheld bar code reader. In this way, the workload of the cashier has been reduced to a large extent. Their tasks now function more as a kind of help desk. In the near future we will probably see a greater acceptance of self-service electronic identifications of what has been purchased by the customer. Successively, one is also building up new types of computer systems to support the purchasing process and also to give shopping advice to the consumer. A future development would probably be to send basic commodities directly to the consumer. The consumer will only add on extra items over and above the base commodities. Most likely, the future computerized retailing system will probably also provide additional advice and information to the customer. This is obviously also a way to create a competitive advantage for particular shops. Hopefully, this type of system could also provide new opportunities for supermarkets of the future to provide new services and new opportunities and moments of truth. An interesting issue in relation to this is, of course, if this can be a method for people to have a higher level of health awareness. In this way, future retailers can be a part of preventive health in their society.
Endnotes


11. The relevant passage in the scriptures can be found in the Authorized (King James) Version of the Bible, John 20:24–29. The Caravaggio painting *The Incredulity of Saint Thomas* can be seen in the Schloss Sanssouci Palace in Potsdam, Brandenburg, Germany.


20. Timur Vermes (2014), *Look Who’s Back: A Merciless Satire*, London: Maclehose Press (an imprint of Quercus), pp. 334–335, translated from German by Jamie Bulloch. The German title is *Er is wieder da*. The comic device of the novel is that Adolf Hitler (1889–1945) survived WWII and “wakes up” in 2011 in Berlin, where he becomes a celebrity on a television alternative comedy show and on YouTube for his biting critiques of current-day life and politics (yes, this is irony). The novel belongs to the canon of satirical novels from *Gulliver’s Travels* by Jonathan Swift (1667–1745), *The Good Soldier Švejk* by Jaroslav Hašek (1883–1923), *Animal Farm* by George Orwell (1903–1950), and *Catch-22* by Joseph Heller (1923–1999). With all of these classic novels, *Look Who’s Back* places the protagonist into an environment where the inhabitants behave in ways that are strange and seemingly unfathomable.


