

Resident Circle: Leading with Integrity

A Conversation with Karsten Kühn, CMO of Hornbach

Tim Leberecht: Okay, that was a video commercial by Hornbach. Welcome to today's Resident Circle, Welcome to the House of Beautiful Business. My name is Tim Leberecht, I'm the co-Founder of the House. I hope you are well and thank you for joining us today.

This is the first Resident Circle that we'll host in German and our guest is Karsten Kühn, a fellow German—he is a member of the board and chief marketing officer of Hornbach, a German DIY store chain.

And when Karsten and I spoke about this session, Karsten's English is excellent by the way, we realized that we will talk about language and terms such as "Begeisterungsfähigkeit" (enthusiasm) or "Anstand" (integrity), and that some of these terms have a lot of nuance and that actually both of us would feel more comfortable having this conversation in German so that we don't lose any semantic or philosophic nuances. So if your German is not, you know, sufficient, proficient enough to follow the conversation in German then we will record this session and then subtitle it and publish a transcript for our predominantly global English speaking audience later. And with that, I'll go straight to German. I am very pleased that you are here today, it's really very unusual in German, I must say, but also very nice. And I'm delighted to welcome our guest today, Karsten Kühn.

Karsten Kühn has been on the board of management of Hornbach Baumarkt AG since October 2014 and is responsible for marketing, market research and internal communications, and additionally, since June 2018, leading efforts in organizational development, human resources and public relations. That's a very interesting combination, as it's relatively rare for a board position to be responsible for both marketing and organizational development and human resources at the same time.

Before that, Karsten was a managing director of Red Blue Marketing for ten years, which is the internal marketing company of the Media Saturn Group, responsible for Media Markt's international brand management. Capital magazine named Karsten Kühn CMO of the Year in 2018, and it's no coincidence, we just saw it, that Hornbach's marketing is considered a real

trendsetter, pioneering, courageous, creative—at times so courageous and creative that there is also controversy.

For example, in 2019 there was a shitstorm after the campaign “This is how spring smells,” and we can talk about that later. So, I'm very happy that Karsten is here today. We're going to talk about marketing, about his philosophy of marketing, about Hornbach's corporate culture and Hornbach's vision of becoming the most human retailer.

Karsten and I met a few months ago, Karsten contacted me, we met for lunch, together with Till, my co-founder of the House in Munich. And two or three weeks ago at the Hornbach managers' conference in the Austrian Alps, I gave a keynote speech, which also gave me some insight into the culture of Hornbach, and I hope we can deepen that today.

Karsten, welcome to the House of Beautiful for Business.

Karsten Kühn: Thank you very much! I'm also very happy to be there. I hope you can understand me well.

TL: Karsten, let's start with the brand, Hornbach. There's this famous phrase from Jeff Bezos who once said “Your brand is what other people say about you when you're not in the room.” What do other people say about Hornbach when you, the marketing executive, are not in the room?

KK: That's a good question, of course, where I can only speculate as well. But I think for anyone who's a little bit interested in what you also saw in the film and that we manage to do that quite well, it's documented to some extent. We just try not to talk about ourselves. That's actually a pretty simple mechanism, but we always try through this communication to talk about something that is, I would say, very comprehensible in essence, although spectacularly packaged, which simply speaks from the heart of the people who are our, say, our professionals.

And maybe, to make it more concrete, so that it's not so theoretical, the example just now, we were, I think, the only brand that after the pandemic, knowing that people have now spent enough time at home and renovated, simply wanted to make a communication, where it was just about the fact that everything that was built must now simply also be maintained and cared for, but not again somehow “come here to buy and make things new again.” But rather,

we were just aware that after two years, the customers have just done so much, that it's more about just maintaining and cherishing the investment of time. That's perhaps the core of it. These are largely positive qualities, the brand does have extreme resonance and is a very popular, well-liked brand.

TL: But so what are also maybe critical things or perceptions that people would voice when you're not in the room that you might want to correct as well? Are there, are there perceptions that you disagree with in terms of your brand intent and how the brand is perceived in the public by your customers?

KK: Well, it's not the core of this statement as I just described, but the packaging. That's just often disputable. And you just mentioned an example, this spectacular packaging, where one always tries new things, also with relatively, shall I say, with relatively many great, creative people in the world, which we control very little, actually, we really always let things run their free course and never know exactly what will come out of it, I think that's also very unusual, but we love that, to let ourselves be surprised as well.

Of course, there's always the risk that a package is created that isn't appreciated in the same way in every place in the world. But I think it's always important to say, it doesn't change the core. And it's quite nice when you argue about the packaging but of a product where you say in the core, they already understood me quite well, but now I just don't like it the way you expressed it.

TL: Let's maybe, because you've just brought it up now and I've already referred to it, the Shitstorm of 2019, briefly. So I mean, you are considered one of the most creative marketers in the German-speaking world or internationally. And Hornbach is really a prime example of creative marketing. But there are also risks now and then, of course, that you might regret. There's this phrase by, I think it was Seth Godin, who said "If you can't get fired for your marketing campaign, then it's not really creative." In 2019, you had this campaign called "This Is What Spring Smells Like." Tell us a little bit about what happened there. There was a shitstorm that was triggered by a Korean in response to the campaign.

KK: It's a pretty simple story. We actually wanted to express dystopian worlds, where there are smells and all these things that make up DIY. And for this we had old, white, sweaty men wrap up their undershirts, welded in plastic, and then there was a cut and the next scene was then,

how a young lady in this dystopian world pulls a sweaty undershirt out of a vending machine in order to remember these smells. The reference to the vending machines, I think, was a bit clumsy and for some reason people got mad about the fact that just, and this was not so malicious of us, that just quite, quite a lot of old white men and this young woman who was not Korean, which also no one knew exactly the nationality. That was then, how shall I say, one felt just very attacked in Korea.

The interesting thing for us was that, I think, for two or three weeks there were thousands of positive comments in Europe, but we had to learn that we apparently hurt the feelings of people outside Europe, where we are not active. I deliberately say apparently, because many of them will be able to understand that. Today, shitstorm or petition means that somebody somehow collects signatures and you actually already have relatively much stress.

And I've told you before, what really moved me, so I wouldn't repeat it, were in the end personal letters and conversations with Korean women who live in Germany and simply told us that this situation and the way they are treated in Germany, that they are reminded of it too painfully in the film, in this commercial. And this is where we then also said, okay, that's a good reason, that wasn't intended, but well meant is just not well done.

We then apologized, And when you, as I said, when you do something new, then it can just happen, as long as it didn't happen intentionally. But it is probably not easy for many to understand, if you know how that feels. I can only recommend, perhaps, if you have time and want to look at it. You can hardly find the commercial anymore, I think, because we've deleted it everywhere, but if you type that in, you'll find it somehow, take a look at that. Then maybe you can understand what the problem is. Or rather, now the world has moved on so much that that would cause even more trouble.

TL: You mentioned the pandemic already. How did you guys get through that? My guess would be that that probably actually helped you guys in some ways. Because of course a lot of people stayed home, discovered home ownership, wanted to beautify home ownership. At the same time, you probably digitized even more and expanded your business further into the internet. How did you experience that? and how did you get out of the pandemic? Where are you today, now with the business?

KK: Of course it must be said, it also started for us in the spring of 2020 with anything but fun, because Switzerland was completely closed, Austria, Bavaria in Germany. You didn't know how it would continue and we also made plans about what to do now. And then there was a really great decision, because in the end we are listed on the stock exchange, but we are a family business, so basically it was a matter of if we could somehow prevent this, we would definitely not go into a standby mode like short-time work with the organization, but do everything that was left over, what you can do in terms of digital possibilities and so on.

And then, despite these many, many closures over the entire months, we simply came up with an insane number of solutions, above all very decentralized in the stores, as to how you can somehow get your things to the customers. That turned out very well. We have two record years. This year is also quite good, at least in terms of sales. Many of you will also have the other problems concerning raw materials and supply chains and so on. But, so in that sense, it's been quite positive. But I think it's important to add to that that the bottom line is, as they always say, that the pandemic just accelerated certain megatrends that were already there.

And we have already felt the last few years, even the two years before that, that basically this at least one, if not two decades of this intensive digitization, where we didn't play such a big role, with DIY things were still in the foreground. That at some point, as always, there was a countermovement to this and that most people also missed a bit doing things in real life alongside all the digital stuff. And we live, how shall I put it, we live very much from the fact that this functional desire lives. I've just told you an example from Berlin that this functional desire is re-emerging and that people want to do things with their hands. By the way, far beyond the point that it is cheaper than hiring a craftsman, but simply the fun and joy of it. And in this respect it was quite good for us, even though it has to be said that we could have done without it, because of course it's insane circumstances when the markets close, when individual countries are completely closed. And this growth, which you didn't expect, which then also runs quite chaotically in some cases, also had to be cleared up again at some point. So it was, it worked out quite happily, but nobody would have needed it.

TL: Maybe it's interesting for all of you to learn a little bit more about Hornbach and to put Hornbach in relation to the big international retailers like Amazon. So Hornbach is a family run company. I think so in the current form more than 50 years old, was founded by Otmar Hornbach in 1968 in Bornheim in the Palatinate and it was the first combined DIY and garden market in Europe. Now you are. How much? What percentage of sales is online?

KK: It depends on whether you add the reservation, it's like between 10 and 15%. Right now, of course, it's also like that because you couldn't shop last year in the comparable period. Now it's already a bit less, but it fluctuates between 10 and 15%.

TL: And how does that relate to Amazon, for example? You guys had virtual general meetings today, yesterday and today. You are, I think, on track to do something like 6 billion in revenue again. Last year I think 5.5 billion in sales. What is Amazon doing in that area in Germany? How does your online sales compare to the big platforms like Amazon for example?

KK: I think that you have also seen in the newspapers, of course on a completely different level, but that we are rather, how should I describe, even online a bit of a small Gallic village and also much, much smaller. But related to this smaller level, I think we have grown even stronger than Amazon during the pandemic. But I think it's very tedious. As always in life, when you compare things with each other, because things are partly just not comparable. Because in Amazon as an online store you are very strongly oriented towards single product sales at any price, I would say, as with these resellers, and we have this very strong project idea and the pros in the foreground. I think you're not doing yourself a favor if you compare it too much. I think there is room for both, but we have a very different approach. So we don't, we don't, we don't intend to be the one that brings the most cordless screwdrivers to the people at the cheapest price in the world. That's not the main idea.

TL: Your vision is, you have now also repeatedly articulated this in public, is to become the most human retailer. That's actually also really a counterpoint against Amazon. What, what exactly does that mean? It was interesting when I was there a few weeks ago, before me, Christoph Quarch, a German philosopher, spoke about enthusiasm. And then I gave a presentation on Beautiful Business and the beautiful new economy, so two quite, probably very unorthodox, unexpected contributions for a managers' conference from a retailer in Germany, but which of course hopefully paid into this vision of the human enterprise. What exactly does that mean for Hornbach and what does that mean for you to be a human retailer, a human company?

KK: Yes, I think it's like that for many now and again right now we have, I think, that was also in 2018 we started with it, found that, which is also your topic, that digitalization has paid in with us above all on efficiency everywhere. And we were already on the verge then also these whole

sales processes and so on, to align everything according to this lean thinking and so on, until we came at some point, after many conversations, where I said, it's actually a pity. And then there was another word for "It's a pity" when you look at what makes such a good host in private life, for example, it's not about this one size fits all and best practice, but it's actually about the fact that if you have such a uniform approach, you lose everything that makes us human. Many of you will perhaps be able to understand that being a good host can have many, many facets. Some people do it with language, others strike up conversations, have cooked an amazing meal or prepared something. But it is something individual. And our employees were very pleased after this long time, because they missed this individuality. There were rather uniform rules about how best to serve the customer. And I think that was driven a bit too one-sided by digitization, which is great, as it usually is. We always have this longing for uniqueness and uniformity, and we don't cope so well with the fact that you usually have to do several things and balance that out. And for us it's simple, we have real employees, very, very many and sellers, We are not a logistics company and not a pure online store. And then you should, I think, this is great, and it is what makes people, just also use. And unfortunately it got lost a bit.

TL: Maybe you can explain a little bit more how exactly you implement that. So also internally, within the company and then in the relationship with customers. You're at the interface, so you have organizational development, personnel, which you're responsible for as a board member, but also marketing. And of course, if you want to be a human company, I think you have to be authentic on the inside, be human on the inside and project that to the outside. There's probably no other way to convey that credibly. So what exactly do you do on the inside and what exactly do you do in your relationship with customers in order to really embody this claim of being human?

KK: You might have seen it in the film, the film doesn't show everything that makes it, quite well, that outwardly we basically try to communicate this understanding to the customers. And now, as I said, it's always about a direction of movement. We won't have achieved that, there are still many things that go wrong every day, but that's just the same in the store. Let me give you an example. My wish or our wish would be that even if you come into a store like this and have chosen the most expensive drill, that under certain circumstances, if you don't need it at all, they deliberately advise you against it. That sounds silly now, but we have simply made the experience of this long-term approach, because we want to be partners for many, many years. And these projects, these big things also take longer, that it's just the better way to advise you

against it, instead of saying “I'm doing it now, I'm closing this one deal now. I sold Tim the most expensive drill in the world, He only needs that twice in his life. And that's us.” That's bullshit. So I think that expresses it quite well. And we talked about it at the meeting. It took us a long time, but we eventually managed to do it. We have such a place where we just wear ourselves out. Which is why I didn't necessarily want to do it in English, because I think it has so many facets and that's the word decency. At some point we started, even if it means something different to everyone, to discuss again and again that we simply want to be decent in our dealings with our customers, in our dealings with our employees and with each other. And that, as I said, is multifaceted. For older colleagues, decency is something different than for younger ones. But there is often at least disagreement about what is indecent. And everything else can be discussed. And I think that's the way it is, that's such a big difference, and that also makes a lot of difference to communication. Let me give you an example: We refrain from anything that could manipulate people. Everything. There's no performance driven tracking, stalking, marketing, things, they don't exist. And that just basically derived from that.

TL: I find this term decency really super, super interesting. So you already said of course a very subjective term that is also differently occupied by other diverse generations. Let's really actually then also talk about marketing. What does marketing with decency mean to you? You don't do performance marketing and you don't do anything that's manipulative. You can argue of course, the advertising that you do, the campaigns that you do are of course manipulative at their core. All communication is probably manipulative. So where exactly do you draw the line there between decent, indecent, between manipulative or non-manipulative marketing and manipulative marketing?

KK: So first of all, of course, you have to say, I don't have the right to judge others. We just decided it that way for us. It's a very individual decision and I think the best guiding principle is, as Götz Werner from drug store chain dm once said very impressively in an interview, “the main guiding principle is that we do a lot of things in communication with which we try to exert a pull on people, but that we refrain from doing anything that exerts pressure.” And there are very simple examples. So the things with the limits and percentage signs and only until Saturday and only today and 0.99€ for three kilos of chicken, that's rather less from the pull department, that's rather from the pressure department. And we try to let ourselves be guided by this distinction. Of course you are right. But when you see this film, this film doesn't exert any pressure. Maybe it exerts a pull, but pressure in no way, because at the end it's not “come now and buy a boxtree for 2.99€.”

TL: Is that easier for a family run business to do decently than it is for a business that's not family run, that doesn't have that tradition. Does that matter?

KK: I don't think you can give a blanket response to that because we are family run and yet we are also a public company on the stock exchange. And having to serve these, these not always so nice mechanisms all somehow. I can't tell you whether it's easier. I just feel very comfortable, because you've gotten to know some of the family members, because that's just the way they are. You don't have to pretend. It's not a program either. So they have simply always had the desire to run a business, which, and that fits, especially in the time, we also had difficult times with the topic of decency, because if you just refrain from that, with the pressure, in times where everything is so drilled, so oriented and so consumerist, then that was of course partly not our best times. Because if you are so reserved and say "whenever you want to do something, we will be there, we understand you, but take your time, think again". If it's not so pushy, you don't always have good times. But I think, and that was quite interesting, that it's coming towards us a little bit now, where that's also questioned, whether higher, faster, further, whether that's the only idea you can have like that. But it's not. Maybe you find that more often, because you find that, it's now the sixth generation with us in management, because you really hand that over and you're not so shaped by managers with limited cycles. But I still wouldn't make a blanket judgment that there's no company that's not family, that can't operate decently.

TL: You also briefly mentioned before that in the digitalization, you have perhaps rushed a bit too far ahead and also partly then simply efficiency, basically overshadowed or limited the employee's own ability to act. So also with the topic of decency and marketing or also with the internal culture and decency, the question arises to what extent you can and should codify this? So how much of a set of rules do employees need, how much formalization do they need? Do salespeople need to be able to act decently? And to what extent do you trust their own judgment, their intrinsic motivation? So how much leeway is there basically around decency, to really act decently? How much leeway do you give your employees?

KK: I hope, also here of course there is always more to do much better in such a movement, I hope that concerning leeway, we leave as much free space as possible and we work on it every day, but you know, it always comes back, that there are as few rules as possible, because these rules are simply the ones that always restrict the spaces and also ensure that

people stop thinking for themselves, but orient themselves to the rules. Nevertheless, one must perhaps say, there are just as many necessary as in such a game, as soccer, so that it just does not end in chaos. But just as few, so that the fun of the game is not lost, I think that's very important. But there tend to be fewer of them, and we're constantly trying to get rid of them. And you always have to keep an eye on things. I think that's the way it is in many companies, if something happens, then you also have departments that are responsible for checking things and they then want to construct something out of an incident, a process or whatever you call it, which is then probably structurally anti-customer in most cases. That's what always happens. Somebody stole, so you start locking the merchandise away or putting it on chains. And I think that's where you have to be careful not to fall into making too much of a mess.

TL: Karsten, isn't it hard, I mean you've been with Hornbach now since 2014, you've won various awards, CMO of the Year, Hornbach has this strong brand, you guys have come through the pandemic well, So it sounds like, what else excites you? What is it now? What is the next challenge for you as a member of the Hornbach board of management? For you especially also as a marketing expert and marketing executive?

KK: Well, of course, with the opportunities that digitization has brought, it wasn't easy to resist all these opportunities and to say, "you should be doing performance now" and I'm constantly confronted with the accusation that no one watches these long films anymore. And "what's the point of that anyway? Nobody watches TV anymore anyway." And "where is the brand at Tik Tok?" And "why don't you do that? And why aren't you doing that?" And I said earlier that we're moving in other fields, but there are environments that don't meet these requirements. For me personally, I already said that when I joined Hornbach because I was asked what I wanted there in the first place because they are already so good, I think that for me personally I feel very comfortable because I don't have to keep saying every day from the principle why we do what we do. You do have to defend it, there are always many situations in which you have to defend it for sure. You gave a great example. We have discussions, of course. We have a lot of technology staff about the possibilities of CRM. And you spoke from my heart. No one wants to be addressed in a personalized way. It's about personal. And everything that we're seeing there, all this nonsense that you're assuming because you were looking at some product last night and maybe you booked a trip or whatever, that you're then going to be tracked for weeks with the same flight that you already bought anyway. So resisting that. But I'm fine with that, fine with working in an environment where you don't have to justify yourself all the time, because that's something that really annoyed me. Yes, I enjoy the freedom to be able to do that

and I see that as a challenge to maintain it, because we still lead ourselves, because the environment just does other things in brand communication and just plays other things, We still feel again and again like in such a Gallic village and have a bit of fear that if the success fails, that then also the walls are torn down of the way of acting. And you have this beautiful motto, I have described that. So if I were now forbidden to do the unnecessary, like now the night before yesterday in Berlin, together with 43.5, a sneaker store, we built a giant whirlpool from a tradition sneaker. That's actually completely unnecessary, but somehow also very funny and fascinating, how great people have done that. If I were forbidden to do that, I think I would do something else.

TL: You mentioned the Gallic village, the Roman Empire. The question that arises for marketers and has also arisen for me, when I was the marketing manager for a much smaller company than Hornbach, we are so to speak, are we are the last of an old guard, are we in danger of extinction, so to speak, and are we desperately holding on to the tip of humanity? But we are facing all these machines and automation and that will inevitably come. So the Gallic village is just going to fall. Or are you actually a trailblazer? Are you a prophet or a pioneer and you're one of the marketing experts or marketing executives of the future. So honestly, how does that make you feel? Or does it depend on what day you get up where and that changes every hour?

KK: I have to admit that at my age I'm 53, I'm certainly not a marketer of the future, but I enjoy it very much. I hardly work on content at my position and I have really great employees, also in other generations, who do it all. And I did describe the principle that we hardly control them either. And all these things are very free. There are no approvals on the board. And also the people who are involved can do what they want, say for example the cameraman of Slumdog Millionaire made a film and won an Oscar. And it doesn't work on the condition that the board tells him how to shoot it. And I think a lot of things are based on this principle of freedom, and we do change in nuances. There are a lot of new things coming in, but I wouldn't say I'm the marketing maker of the future, nor that the Gallic village necessarily falls. But above all related to what we do, because our product is just in the real world. And I firmly believe, no matter what happens, that this longing for a beautiful home is not going to go away anytime soon. And we are currently experiencing that this is becoming more important again, whether due to a pandemic or war. Sometimes even more important than traveling. That's a hard thing to do right now anyway. In this respect, I believe that it is more than a Gallic village. And I think that at some point one will recover a little bit from this belief that digitization and this possibility to track everything into people, that it will already recover a little bit from that, so that it will be balanced, I hope. That people will also say it's nice to buy things online. We all know the pros

and cons. But it's also wonderful that here around the corner from me there is still a small store, where the bottle of wine certainly costs 1.50€ more. But I definitely don't want this store to disappear. Because I do not want to be parked here all day with mopeds and delivery service here in front of the front door.

TL: And that brings us to a couple more personal questions that I wanted to take from the Proust questionnaire. But before I do that do you guys have any questions for Karsten? About Hornbach or his role or the marketing of Hornbach.

Till Grusche: Karsten. Thank you. First of all, thank you very much for the conversation so far. I was just thinking about this on the last point you spoke. So sure, Hornbach is positioned in the real world as well and that's staying of course. But do you think that this feeling that people have when they take care of setting up their home a little bit, tackle projects, that this feeling will transfer to new virtual spaces and that maybe Hornbach will play a role there?

KK: Yes, certainly, if I understood correctly. That's why I think it's so important and I hope I'm not misunderstood. For me it's never about either or, it's always about both. And of course I believe that we serve all of this and that we already have virtual glasses in the showrooms and are looking at how this can be done. But I still believe that part of our business is in a real space where you live. And that part of the business is also based on the fact that, for example, people experience this theme, and we often have this in our jobs because they are constructed differently, this theme of self-efficacy or functional desire, only experience this when you see something in the planning, implementation and result, if it is in one hand. And everyone who has done this knows this quite well, I think. And these are things that we often miss in the digital world. But I think everyone who has spent hours on a cell phone knows that this is often what is missing in the end. But it's not either or. Sure, we deal with it, but of course it stays that way that we talk about the fact that people are already at home in real life. And I think that with virtual life, maybe others can do it better. Maybe. But I don't want to rule it out. For God's sake. I've learned, even though I'm an old guy now and always knew everything better, that basically you shouldn't rule anything or anybody out for the future. I think that's an important thing. That's why I don't want to exclude it either.

TL: Further questions? Sepita, you raised your hand.

Sepita Ansari: Right. Yes, thank you very much for the super presentation. I think it's great that there are still such "Urgesteine" (who also work very successfully. Speaking of "Urgestein" You mentioned the topic of personalization. Personalization? No one likes that. I even did a survey

at BVdB. But if you take a close look at how user behavior is. Everybody loves personalization because they're personalized on Amazon. They get personalized on Facebook, Instagram, TikTok, and they love it that way. Why? Because, of course, it creates the exact content for me that I need in the same way. That is, I go to a Hornbach page, I need a closet, you know I need closet. And then you'll say, look, here's a tutorial how to build a closet and by the way, I'll send you all the stuff. That would be personalization. When in Germany one talks about personalization, people don't like it. But they want it. So what do you think about that? What do you think? Is that going to catch on? Is that going to be the future? That the content has to be tailored to the target group, so to speak, plus the products are then built there? Or what do you think?

KK: So the question is not...as I said, also here, both and not either or. Of course, I think you are right that there are certain things that can be excluded. I just experience that there's so much poking around and there's so much conjecture and that maybe, even if you can do it really great, that's not enough in the exclusivity. Because then at some point you're about to get a gift certificate for your birthday and the surprise is gone. What I think is that the surprise just stays. The other thing is, I think most of us know what we want in part, but not 100% so exactly. And to me, the issue surprise is important. You can say okay, there are those people who have their favorite food and now you can stuff that in for the rest of your life. But maybe there are those who still want something new and you have to build it up from the past and I don't want to rule it out either. I would, I wouldn't rule it out. I also think it's great to deal with it, but I wouldn't limit it to that. Then it's just like, then I think it's too one-sided and I still believe that we're mistaken ahead. So I don't know what I want. I'm happy for any surprise.

TL: Very nice. We are mistaken ahead. Karsten, this is not a question from the Proust questionnaire. But what other brands do you respect a lot? ones that tick similarly, so that also have the mission to be a human brand. What other brands or any other brands do you admire for that?

KK: I don't mean any harm at all, but admire is a big word. I deal so intensely with Hornbach...I'd have to think about it and would highlight something which then spontaneously is probably not right at all, where I also don't know the details whether it really goes like this. What of course I experience, when I think of Edeka, which is also a retailer, I experience this "We love food", but it's not up to me at all to judge how far it goes. I know that it's somehow organized in such a way that there are also a lot of self-employed people who participate, and do a lot. But I don't think it's my place to do that. I don't look behind the scenes anywhere to

be able to judge the seriousness of it. And we've talked about it before, of course, as a child of the 90s. I'm very attached to Apple, but you're always torn between them. So I am not such an intensive follower that I say, there is nothing else in question. And I also don't know, If you think about it now, We haven't talked about it, but what's going to happen with the office and if everyone has to go back to the office? Then, of course, I understand what one means by that, but I don't think it's humane to say that everyone has to go back to the office. I understand that, but I know that you can't do it that way.

TL: Why do you see it as non-humane? That would mean that before everything was inhumane when it was still the norm.

KK: No, not necessarily. I understand the thought behind it. I miss that as well. And we always tried at Hornbach for the last years, before this occurred, to build the company like a living neighborhood. And now I suffer a lot from the fact that I feel like I'm living in a vacation home settlement in winter. No one is ever there. The neighborhood is not animated and everything, everything that made the life of the company, especially this unintentional meetings, which you also have at home, at the mailbox and this unconditional neighborly help, which is what you have to generate in companies. You don't send a neighbor away that wants sugar from you and say, "Come back in three weeks. I have another project right now" and we have connected a lot with that. But that's just not so easy to produce now. As I said, it feels a bit empty, but I don't think it's enough to say that you'll all just have to come now. I think that's stupid, too. I think you have to take the, how shall I say, I noticed that now recently and I was surprised. It wasn't about lectures at all, we just had a big party. And this party somehow brought people much, much closer to the interest in the colleagues than if I now artificially force someone. I think there too, it's about pulling and not pressuring. So if you say you have to, then it's nonsense. And if you enjoy going, going, then it's wonderful. And I also enjoy that I don't always have to go to the office.

TL: Karsten Let's take a few more questions from the Proust questionnaire to get to know you as a person as well. On what occasions do you lie?

KK: We haven't been able to talk about that yet, but I don't think anything about being authentic. And I think it's great that we as humans have learned that you start lying for politeness reasons at the points where truth hurts the other person. That is the limit for me. And I think that's okay, too. There is a beautiful poem by Wilhelm Busch, I think, also about politeness and petite cheating. I think that's okay. I think it's okay if it hurts others.

TL: What's your biggest fear?

KK: It is and remains that anything happens to one of my four children. One is at the Splash Festival, just near Dessau, and yesterday night there's a report in the Süddeutsche that a gas body flew around some guys' ears. The first thought is, with his talent, it could have been him. That's it. Other than that, nothing scares me.

TL: What living person do you despise the most?

KK: There's really no one that I despise. I'm looking against the backdrop of is this actually just sustainable or is it livable? Lately, and this is also something that drives you, I'm looking not only gleefully at what's happening in Silicon Valley, but not as in one person that I blame for that, but what is arising there altogether and I just don't know whether this makes our life more worth living, what's happening there. But I don't hate any or despise any person.

TL: What was or is the greatest love of your life?

KK: Yeah, I've been married for 25 years. So that's stuck with it. My wife. No car. My wife.

TL: And what is the quality you appreciate most in friends?

KK: The quality that I value the most is these encounters that at least feel like like there are no boundaries. I really enjoy that and I'm also very unreasonable. When you know it's not kind of the first one jumps up and says I have to go, but evenings that just run their course even though we all know it's completely unreasonable.

TL: And one last question, Karsten? Which one trait would you like to change about yourself?

KK: Yourself? Oh, that's the problem. It's what most people always say. The same thing. But it just affects me as well. And that's also quite difficult in the hardware store and I learned that very quickly. I also am very impatient. That has gotten much better with age but it's impatience. And at that time Hornbach immediately told me, with this impatience related to our product, which I found quite nice, that no plant grows faster if you pull on it. And then I say that to myself again and again and then it's okay. But it's like with almost everyone, impatience, otherwise it's okay.

TL: Nice closing, Karsten, thank you so much for taking the time just so glad to be here with us after a long virtual general meeting, thank you very, very much! As I said, we will publish it in

German with subtitles. Karsten, I hope to see you again soon. For all of you, it continues in the House of Beautiful for Business next Friday with the Resident Circle. We will have a special edition on our Beauty Shot. There you can get to know the Beauty Shot writers team and also meet other Residents. Then next Thursday and Friday we have a new Beautiful Business Trip, The New Politics of Business, together with BCG and More in Common. It is about corporate political responsibility. It's free to all subscribers and Residents of the House of Beautiful Business, and as we announced yesterday, we will be hosting an asynchronous conference, together with Hotwire. Because it goes on for, Till, 200 days?

TG: 20 weeks

TL: Exactly, 20 weeks on our Discord server and that's also free and anyone can be there. So we want to think about, how can we make Web3Beautiful? On that note, thank you very much again Karsten, have a great weekend everyone, sunny nice weekend wherever you are and see you soon. Thank you very much!

KK: Thank you very much, Bye.

Tim is first Speaker 2 and then Speaker 1 as of the point where I marked it yellow.

Karsten: first Speaker 3, then Speaker 2

(It's because I used two different tools to translate)

Resident Circle Hornbach

Tim (Speaker 2):

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Okay, that was a video commercial by Hornbach.

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Welcome to today's Resident Circle, Welcome to the House of Beautiful Business.

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My name is Tim Leberecht, I'm the Co-Founder of the House.

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I hope you are well.

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Thank you for joining us today.

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And I have to say I saw a few names joining and this session today here is a first.

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It's the first Resident Circle that we'll host in German and our guest is Karsten Kühn, a fellow German and he is a member of the board and Chief Marketing Officer of Hornbach, a German DIY store chain.

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And when Karsten and I spoke about this session, Karstens English is excellent, but we realized that we will talk about language and terms such as Begeisterungsfähigkeit or Anstand and that some of these terms have a lot of nuance and that actually both of us would feel more comfortable having this conversation in German so that we don't lose any semantic or philosophic nuances

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So if your German is not yet sufficient, proficient enough to follow the conversation in German then we will record this session and then subtitle it and publish it with subtitles to our predominantly global English speaking audience later.

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And with that, I'll go straight to German.

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I am very pleased that you are here today, I'm very happy.

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It's really very unusual in German, I must say, but also very nice.

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And I'm very happy about our guest today, Karsten Kühn.

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Karsten Kühn has been on the Board of Management of Hornbach Baumarkt AG since October 2014 and is responsible for Marketing, Market Research and Internal Communications, and then additionally since June 2018 for Organizational Development, Human Resources and Public Relations.

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That's a very interesting interface, because it's relatively rare for a board position to be responsible for both marketing and organizational development and human resources.

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Before that, Karsten was Managing Director of Red Blue Marketing for ten years.

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This is the Media Saturn Group's internal marketing company and was responsible for Media Markt's international brand management.

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Kapital Magazine named Karsten Kühn CMO of the Year in 2018, and it's no coincidence, we just saw it, Hornbachs Marketing is considered a real trendsetter, pioneering, courageous, creative, at times so courageous and creative that there is also controversy.

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For example, in 2019 there was a shitstorm after the campaign "This is how spring smells", we can talk about that later.

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So I'm very happy that Karsten is here today. We're going to talk about marketing, about his philosophy of marketing.

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We're going to talk about Hornbach's corporate culture and Hornbach's vision of becoming the most human retailer.

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Karsten and I met a few months ago, Karsten contacted me.

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We met for lunch, also with Till, my Co-Founder of the House in Munich.

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And two or three weeks ago at the Hornbach managers' conference in the Austrian Alps, I gave a keynote speech, which also gave me some insight into the culture of Hornbach, and I hope we can deepen that today.

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Karsten, Welcome to the House of Beautiful for Business.

Karsten Kühn (Speaker3):

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Thank you very much! I'm also very happy to be there. I hope you can understand me well, to a certain extent.

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Speaker2: [00:07:28] Yes, that all sounds very good.

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Karsten, let's start with the brand, Hornbach.

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There's this famous phrase from Jeff Bezos who once said "Your brand is what other people say about you when you're not in the room."

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What do other people say about Hornbach when you, the marketing executive, are not in the room?

Speaker3:

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That's a good question, of course, where I can only speculate as well

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But I think for anyone who's a little bit interested in what you also saw in the film and that we manage to do that quite well, it's documented to some extent,

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We just try not to talk about ourselves. That's actually a pretty simple mechanism, but we always try through this communication to talk about something that is, I would say, very comprehensible in essence, although spectacularly packaged, which simply speaks from the heart of the people who are our, say, our professionals.

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And maybe, to make it more concrete, so that it's not so theoretical, the example just now

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we were, I think, the only brand that after the pandemic, knowing that people have now spent enough time at home and renovated,

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simply wanted to make a communication, where it was just about the fact that everything that was built must now simply also be maintained and cared for, but not again somehow "Come here to buy and make things new again".

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But rather, we were just aware that after two years, the customers have just done so much, that it's more about just maintaining and cherishing the investment of time. That's perhaps the core of it.

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These are largely positive qualities, the brand does have extreme resonance and is a very popular, well-liked brand.

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But so what are also maybe critical things or perceptions that people would voice when you're not in the room that you might want to correct as well? Are there, are there perceptions that you disagree with in terms of your brand intent and how the brand is perceived in the public by your customers?

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Well, it's not the core of this statement as I just described, but the packaging. That's just often disputable. And you just mentioned an example,

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this spectacular packaging, where one always tries new things, also with relatively, shall I say, with relatively many great, creative people in the world,

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which we control very little, actually, we really always let things run their free course and never know exactly what will come out of it, I think that's also very unusual, but we love that, to let ourselves be surprised as well.

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Of course, there's always the risk that a package is created that isn't appreciated in the same way in every place in the world.

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But I think it's always important to say, it doesn't change the core. And it's quite nice when you argue about the packaging but of a product where you say in the core, they already understood me quite well, but now I just don't like it the way you expressed it.

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Let's maybe, because you've just brought it up now and I've already referred to it, the Shitstorm of 2019, briefly.

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So I mean, you are considered one of the most creative marketers in the German-speaking world or internationally. And Hornbach is really

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a prime example of creative marketing. But there are also risks now and then, of course, that you might regret.

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There's this phrase by, I think it was Seth Godin, who said "If you can't get fired for your marketing campaign, then it's not really creative."

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In 2019, you had this campaign called "This Is What Spring Smells Like."

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Tell us a little bit about what happened there. There was a shitstorm that was triggered by a Korean in response to the campaign.

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It's a pretty simple story.

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We actually wanted to express dystopian worlds, where there are smells and all these things that make up DIY.

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And for this we had old, white, sweaty men wrap up their undershirts, welded in plastic,

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and then there was a cut and the next scene was then, how a young lady in this dystopian world pulls a sweaty undershirt out of a vending machine in order to remember these smells.

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The reference to the vending machines, I think, was a bit clumsy and for some reason people got mad about the fact that just, and this was not so malicious of us, that just quite, quite a lot of old white men and this young woman who was not Korean, which also no one knew exactly the nationality. That was then, how shall I say, one felt just very attacked in Korea.

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The interesting thing for us was that, I think, for two or three weeks there were thousands of positive comments in Europe, but we had to learn that we apparently hurt the feelings of people outside Europe, where we are not active.

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I deliberately say apparently, because many of them will be able to understand that. Today, shitstorm or petition means that somebody somehow collects signatures and you actually already have relatively much stress.

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And I've told you before, what really moved me, so I wouldn't repeat it, were in the end personal letters and conversations with Korean women who live in Germany and simply told us that this situation and the way they are treated in Germany,

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that they are reminded of it too painfully in the film, in this commercial. And this is where we then also said, okay, that's a good reason, that wasn't intended, but well meant is just not well done.

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We then apologized, And when you, as I said, when you do something new, then it can just happen, as long as it didn't happen intentionally.

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But it is probably not easy for many to understand, if you know how that feels.

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I can only recommend, perhaps, if you have time and want to look at it. You can hardly find the commercial anymore, I think, because we've deleted it everywhere, but if you type that in, you'll find it somehow, take a look at that. Then maybe you can understand what the problem is. Or rather, now the world has moved on so much that that would cause even more trouble.

Speaker2:

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You mentioned the pandemic already.

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How did you guys get through that? My guess would be that that probably actually helped you guys in some ways. Because of course a lot of people stayed home, discovered home ownership, wanted to beautify home ownership. At the same time, you probably digitized even more and expanded your business further into the Internet.

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How did you experience that? and how did you get out of the pandemic? Where are you today, now with the business?

Speaker3:

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Of course it must be said, it also started for us in the spring of 2020 with anything but fun,

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because Switzerland was completely closed, Austria, Bavaria in Germany. You didn't know how it would continue and we also made plans about what to do now.

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And then there was a really great decision, because in the end we are listed on the stock exchange, but we are a family business,

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so basically it was a matter of if we could somehow prevent this, we would definitely not go into a standby mode like short-time work with the organization, but do everything that was left over, what you can do in terms of digital possibilities and so on.

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And then, despite these many, many closures over the entire months, we simply came up with an insane number of solutions, above all very decentralized in the stores, as to how you can somehow get your things to the customers.

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That turned out very well. We have two record years. This year is also quite good, at least in terms of sales. Many of you will also have the other problems concerning raw materials and supply chains and so on.

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But, so in that sense, it's been quite positive. But I think it's important to add to that that the bottom line is, as they always say, that the pandemic just accelerated certain megatrends that were already there.

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And we have already felt the last few years, even the two years before that,

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that basically this at least one, if not two decades of this intensive digitization, where we didn't play such a big role, with DIY things were still in the foreground. That at some point, as always, there was a countermovement to this and that most people also missed a bit

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doing things in real life alongside all the digital stuff. And we live, how shall I put it, we live very much from the fact that this functional desire lives. I've just told you an example from Berlin that this functional desire is re-emerging and that people want to do things with their hands. By the way, far beyond the point that it is cheaper than hiring a craftsman, but simply the fun and joy of it. And in this respect it was quite good for us, even though it has to be said that we could have done without it, because of course it's insane circumstances when the markets close, when individual countries are completely closed. And this growth, which you didn't expect, which then also runs quite chaotically in some cases, also had to be cleared up again at some point. So it was, it worked out quite happily, but nobody would have needed it.

Speaker2: [00:16:03] Maybe it's interesting for all of you to learn a little bit more about Hornbach and to put Hornbach in relation to the big international retailers like Amazon. So Hornbach is a family run company. I think so in the current form more than 50 years old, was founded by Otmar Hornbach in 1968 in Bornheim in the Palatinate and it was the first combined DIY and garden market in Europe. Now you are. How much? What percentage of sales is online?

Speaker3: [00:16:34] It depends on whether you add the reservation, it's like between 10 and 15%. Right now, of course, it's also like that because you couldn't shop last year in the comparable period. Now it's already a bit less, but it fluctuates between 10 and 15%.

Speaker2: [00:16:49] And how does that relate to Amazon, for example? You guys had virtual general meetings today, yesterday and today. You are, I think, on track to do something like 6 billion in revenue again. Last year I think 5.5 billion in sales. What is Amazon doing in that area in Germany? How does your online sales compare to the big platforms like Amazon for example?

Speaker3: [00:17:08] I think that you have also seen in the newspapers, of course on a completely different level, but that we are rather, how should I describe, even online a bit of a

small Gallic village and also much, much smaller. But related to this smaller level, I think we have grown even stronger than Amazon during the pandemic. But I think it's very tedious. As always in life, when you compare things with each other, because things are partly just not comparable. Because in Amazon as an online store you are very strongly oriented towards single product sales at any price, I would say, as with these resellers, and we have this very strong project idea and the pros in the foreground. I think you're not doing yourself a favor if you compare it too much. I think there is room for both, but we have a very different approach. So we don't, we don't, we don't intend to be the one that brings the most cordless screwdrivers to the people at the cheapest price in the world. That's not the main idea.

Speaker2: [00:18:02] Your vision is, you have now also repeatedly articulated this in public, is to become the most human retailer. That's actually also really a counterpoint against Amazon. What, what exactly does that mean? It was interesting when I was there a few weeks ago, before me, Christoph Quark, a German philosopher, spoke about enthusiasm. And then I gave a presentation on Beautiful Business and the beautiful new economy, so two quite, probably very unorthodox, unexpected contributions for a managers' conference from a retailer in Germany, but which of course hopefully paid into this vision of the human enterprise. What exactly does that mean for Hornbach and what does that mean for you to be a human retailer, a human company?

Speaker3: [00:18:42] Yes, I think it's like that for many now and again right now we have, I think, that was also in 2018 we started with it, found that, which is also your topic, that digitalization has paid in with us above all on efficiency everywhere. And we were already on the verge then also these whole sales processes and so on, to align everything according to this lean thinking and so on, until we came at some point, after many conversations, where I said, it's actually a pity. And then there was another word for "It's a pity" when you look at what makes such a good host in private life, for example, it's not about this one size fits all and best practice, but it's actually about the fact that if you have such a uniform approach, you lose everything that makes us human. Many of you will perhaps be able to understand that being a good host can have many, many facets. Some people do it with language, others strike up conversations, have cooked an amazing meal or prepared something. But it is something individual. And our employees were very pleased after this long time, because they missed this individuality. There were rather uniform rules about how best to serve the customer. And I think that was driven a bit too one-sided by digitization, which is great, as it usually is. We always have this longing for uniqueness and uniformity, and we don't cope so well with the fact that

you usually have to do several things and balance that out. And for us it's simple, we have real employees, very, very many and sellers, We are not a logistics company and not a pure online store. And then you should, I think, this is great, and it is what makes people, just also use. And unfortunately it got lost a bit.

Speaker2: [00:20:23] Maybe you can explain a little bit more how exactly you implement that. So also internally, within the company and then in the relationship with customers. You're at the interface, so you have organizational development, personnel, which you're responsible for as a board member, but also marketing. And of course, if you want to be a human company, I think you have to be authentic on the inside, be human on the inside and project that to the outside. There's probably no other way to convey that credibly. So what exactly do you do on the inside and what exactly do you do in your relationship with customers in order to really embody this claim of being human?

Speaker3: [00:20:56] You might have seen it in the film, the film doesn't show everything that makes it, quite well, that outwardly we basically try to communicate this understanding to the customers. And now, as I said, it's always about a direction of movement. We won't have achieved that, there are still many things that go wrong every day, but that's just the same in the store. Let me give you an example. My wish or our wish would be that even if you come into a store like this and have chosen the most expensive drill, that under certain circumstances, if you don't need it at all, they deliberately advise you against it. That sounds silly now, but we have simply made the experience of this long-term approach, because we want to be partners for many, many years. And these projects, these big things also take longer, that it's just the better way to advise you against it, instead of saying "I'm doing it now, I'm closing this one deal now. I sold Tim the most expensive drill in the world, He only needs that twice in his life. And that's us." That's bullshit. So I think that expresses it quite well. And we talked about it at the meeting. It took us a long time, but we eventually managed to do it. We have such a place where we just wear ourselves out. Which is why I didn't necessarily want to do it in English, because I think it has so many facets and that's the word decency. At some point we started, even if it means something different to everyone, to discuss again and again that we simply want to be decent in our dealings with our customers, in our dealings with our employees and with each other. And that, as I said, is multifaceted. For older colleagues, decency is something different than for younger ones. But there is often at least disagreement about what is indecent. And everything else can be discussed. And I think that's the way it is, that's such a big difference, and that also makes a lot of difference to communication. Let me

give you an example: We refrain from anything that could manipulate people. Everything. There's no performance driven tracking, stalking, marketing, things, they don't exist. And that just basically derived from that.

Speaker2: [00:22:51] I find this term decency really super, super interesting. So you already said of course a very subjective term that is also differently occupied by other diverse generations. Let's really actually then also talk about marketing. What does marketing with decency mean to you? You don't do performance marketing and you don't do anything that's manipulative. You can argue of course, the advertising that you do, the campaigns that you do are of course manipulative at their core. All communication is probably manipulative. So where exactly do you draw the line there between decent, indecent, between manipulative or non-manipulative marketing and manipulative marketing?

Speaker3: [00:23:31] So first of all, of course, you have to say, I don't have the right to judge others. We just decided it that way for us. It's a very individual decision and I think the best guiding principle is, as Götz Werner from dm once said very impressively in an interview, "The main guiding principle is that we do a lot of things in communication with which we try to exert a pull on people, but that we refrain from doing anything that exerts pressure." And there are very simple examples. So the things with the limits and percentage signs and only until Saturday and only today and €0.99 for three kilos of chicken, that's rather less from the pull department, that's rather from the pressure department. And we try to let ourselves be guided by this distinction. Of course you are right. But when you see this film, this film doesn't exert any pressure. Maybe it exerts a pull, but pressure in no way, because at the end it's not "Come now and buy a boxtree for 2.99€".

Speaker2: [00:24:24] Is that easier for a family run business to do decently than it is for a business that's not family run, that doesn't have that tradition. Does that matter?

Speaker3: [00:24:35] I don't think you can give a blanket response to that because we are family run and yet we are also a public company on the stock exchange. And having to serve these, these not always so nice mechanisms all somehow. I can't tell you whether it's easier. I just feel very comfortable, because you've gotten to know some of the family members, because that's just the way they are. You don't have to pretend. It's not a program either. So they have simply always had the desire to run a business, which, and that fits, especially in the time, we also had difficult times with the topic of decency, because if you just refrain from that,

with the pressure, in times where everything is so drilled, so oriented and so consumerist, then that was of course partly not our best times. Because if you are so reserved and say "whenever you want to do something, we will be there, we understand you, but take your time, think again". If it's not so pushy, you don't always have good times. But I think, and that was quite interesting, that it's coming towards us a little bit now, where that's also questioned, whether higher, faster, further, whether that's the only idea you can have like that. But it's not. Maybe you find that more often, because you find that, it's now the sixth generation with us in management, because you really hand that over and you're not so shaped by managers with limited cycles. But I still wouldn't make a blanket judgment that there's no company that's not family, that can't operate decently.

Speaker2: [00:25:57] You also briefly mentioned before that in the digitalization, you have perhaps rushed a bit too far ahead and also partly then simply efficiency, basically overshadowed or limited the employee's own ability to act. So also with the topic of decency and marketing or also with the internal culture and decency, the question arises to what extent you can and should codify this? So how much of a set of rules do employees need, how much formalization do they need? Do salespeople need to be able to act decently? And to what extent do you trust their own judgment, their intrinsic motivation? So how much leeway is there basically around decency, to really act decently? How much leeway do you give your employees?

Speaker3: [00:26:37] I hope, also here of course there is always more to do much better in such a movement, I hope that concerning leeway, we leave as much free space as possible and we work on it every day, but you know, it always comes back, that there are as few rules as possible, because these rules are simply the ones that always restrict the spaces and also ensure that people stop thinking for themselves, but orient themselves to the rules. Nevertheless, one must perhaps say, there are just as many necessary as in such a game, as soccer, so that it just does not end in chaos. But just as few, so that the fun of the game is not lost, I think that's very important. But there tend to be fewer of them, and we're constantly trying to get rid of them. And you always have to keep an eye on things. I think that's the way it is in many companies, if something happens, then you also have departments that are responsible for checking things and they then want to construct something out of an incident, a process or whatever you call it, which is then probably structurally anti-customer in most cases. That's what always happens. Somebody stole, so you start locking the merchandise

away or putting it on chains. And I think that's where you have to be careful not to fall into making too much of a mess.

Speaker2: [00:27:53] Karsten, isn't it hard, I mean you've been with Hornbach now since 2014, you've won various awards, CMO of the Year, Hornbach has this strong brand, you guys have come through the pandemic well, So it sounds like, Um, what else excites you? What is it now? What is the next challenge for you as a member of the Hornbach Board of Management? For you especially also as a marketing expert and marketing executive?

Speaker3: [00:28:19] Well, of course, with the opportunities that digitization has brought, it wasn't easy to resist all these opportunities and to say, "you should be doing performance now" and I'm constantly confronted with the accusation that no one watches these long films anymore. And "what's the point of that anyway? Nobody watches TV anymore anyway." And "where is the brand at Tik Tok?" And "why don't you do that? And why aren't you doing that?" And I said earlier that we're moving in other fields, but there are environments that don't meet these requirements. For me personally, I already said that when I joined Hornbach because I was asked what I wanted there in the first place because they are already so good, I think that for me personally I feel very comfortable because I don't have to keep saying every day from the principle why we do what we do. You do have to defend it, there are always many situations in which you have to defend it for sure. You gave a great example. We have discussions, of course. We have a lot of technology staff about the possibilities of CRM. And you spoke from my heart. No one wants to be addressed in a personalized way. It's about personal. And everything that we're seeing there, all this nonsense that you're assuming because you were looking at some product last night and maybe you booked a trip or whatever, that you're then going to be tracked for weeks with the same flight that you already bought anyway. So resisting that. But I'm fine with that, fine with working in an environment where you don't have to justify yourself all the time, because that's something that really annoyed me. Yes, I enjoy the freedom to be able to do that and I see that as a challenge to maintain it, because we still lead ourselves, because the environment just does other things in brand communication and just plays other things, We still feel again and again like in such a Gallic village and have a bit of fear that if the success fails, that then also the walls are torn down of the way of acting. And you have this beautiful motto, I have described that. So if I were now forbidden to do the unnecessary, like now the night before yesterday in Berlin, together with 43.5, a sneaker store, we built a giant whirlpool from a tradition sneaker. That's

actually completely unnecessary, but somehow also very funny and fascinating, how great people have done that. If I were forbidden to do that, I think I would do something else.

Speaker 1: [00:30:41] You mentioned the Gallic village, the Roman Empire. The question that arises for marketers and has also arisen for me, when I was the marketing manager for a much smaller company than Hornbach, we are so to speak, are we are the last of an old guard, are we in danger of extinction, so to speak, and are we desperately holding on to the tip of humanity? But we are facing all these machines and automation and that will inevitably come. So the Gallic village is just going to fall. Or are you actually a trailblazer? Are you a prophet or a pioneer and you're one of the marketing experts or marketing executives of the future. So honestly, how does that make you feel? Or does it depend on what day you get up where and that changes every hour?

Speaker 2: [00:31:26] I have to admit that at my age I'm 53, I'm certainly not a marketer of the future, but I enjoy it very much. I hardly work on content at my position and I have really great employees, also in other generations, who do it all. And I did describe the principle that we hardly control them either. And all these things are very free. There are no approvals on the board. And also the people who are involved can do what they want, say for example the cameraman of Slumdog Millionaire made a film and won an Oscar. And it doesn't work on the condition that the board tells him how to shoot it. And I think a lot of things are based on this principle of freedom, and we do change in nuances. There are a lot of new things coming in, but I wouldn't say I'm the marketing maker of the future, nor that the Gallic village necessarily falls. But above all related to what we do, because our product is just in the real world. And I firmly believe, no matter what happens, that this longing for a beautiful home is not going to go away anytime soon. And we are currently experiencing that this is becoming more important again, whether due to a pandemic or war. Sometimes even more important than traveling. That's a hard thing to do right now anyway. In this respect, I believe that it is more than a Gallic village. And I think that at some point one will recover a little bit from this belief that digitization and this possibility to track everything into people, that it will already recover a little bit from that, so that it will be balanced, I hope. That people will also say it's nice to buy things online. We all know the pros and cons. But it's also wonderful that here around the corner from me there is still a small store, where the bottle of wine certainly costs € 1.50 more. But I definitely don't want this store to disappear. Because I do not want to be parked here all day with mopeds and delivery service here in front of the front door.

Speaker 1: [00:33:17] And that brings us to a couple more personal questions that I wanted to take from the Proust questionnaire. But before I do that do you guys have any questions for Karsten? About Hornbach or his role or the marketing of Hornbach.

Till Grusche (Speaker 3): [00:33:37] Karsten. Thank you. First of all, thank you very much for the conversation so far. I was just thinking about this on the last point you spoke. So sure, Hornbach is positioned in the real world as well and that's staying of course. But do you think that this feeling that people have when they take care of setting up their home a little bit, tackle projects, that this feeling will transfer to new virtual spaces and that maybe Hornbach will play a role there?

Speaker 2: [00:34:16] Yes, certainly, if I understood correctly. That's why I think it's so important and I hope I'm not misunderstood. For me it's never about either or, it's always about both. And of course I believe that we serve all of this and that we already have virtual glasses in the showrooms and are looking at how this can be done. But I still believe that part of our business is in a real space where you live. And that part of the business is also based on the fact that, for example, people experience this theme, and we often have this in our jobs because they are constructed differently, this theme of self-efficacy or functional desire, only experience this when you see something in the planning, implementation and result, if it is in one hand. And everyone who has done this knows this quite well, I think. And these are things that we often miss in the digital world. But I think everyone who has spent hours on a cell phone knows that this is often what is missing in the end. But it's not either or. Sure, we deal with it, but of course it stays that way that we talk about the fact that people are already at home in real life. And I think that with virtual life, maybe others can do it better. Maybe. But I don't want to rule it out. For God's sake. I've learned, even though I'm an old guy now and always knew everything better, that basically you shouldn't rule anything or anybody out for the future. I think that's an important thing. That's why I don't want to exclude it either.

Tim Leberecht: [00:35:47] Further questions. Sepita, you raised your hand. Sepita.

Sepita: [00:35:56] Right. Yes, thank you very much for the super presentation. I think it's great that there are still such "Urgesteine" who also work very successfully. Speaking of Urgestein You mentioned the topic of personalization. Personalization? No one likes that. I even did a survey at BVdB. But if you take a close look at how user behavior is. Everybody loves personalization because they're personalized on Amazon. They get personalized on Facebook, Instagram, TikTok, and they love it that way. Why? Because, of course, it creates the exact

content for me that I need in the same way. That is, I go to a Hornbach page, I need a closet, you know I need closet. And then you'll say, look, here's a tutorial how to build a closet and by the way, I'll send you all the stuff. That would be personalization. When in Germany one talks about personalization, people don't like it. But they want it. So what do you think about that? What do you think? Is that going to catch on? Is that going to be the future? That the content has to be tailored to the target group, so to speak, plus the products are then built there? Or what do you think?

Karsten Kühn: [00:37:15] So the question is not.. As I said, also here, both and not either or. Of course, I think you are right that there are certain things that can be excluded. I just experience that there's so much poking around and there's so much conjecture and that maybe, even if you can do it really great, that's not enough in the exclusivity. Because then at some point you're about to get a gift certificate for your birthday and the surprise is gone. What I think is that the surprise just stays. The other thing is, I think most of us know what we want in part, but not 100% so exactly. And to me, the issue surprise is important. You can say okay, there are those people who have their favorite food and now you can stuff that in for the rest of your life. But maybe there are those who still want something new and you have to build it up from the past and I don't want to rule it out either. I would, I wouldn't rule it out. I also think it's great to deal with it, but I wouldn't limit it to that. Then it's just like, then I think it's too one-sided and I still believe that we're mistaken ahead. So I don't know what I want. I'm happy for any surprise.

Tim Leberecht: [00:38:26] Very nice. We are mistaken ahead. Karsten, this is not a question from the Proust questionnaire. But what other brands do you respect a lot? ones that tick similarly, so that also have the mission to be a human brand. What other brands or any other brands do you admire for that?

Speaker 2: [00:38:46] I don't mean any harm at all, but Admire is a big word. I deal so intensely with Hornbach.. I'd have to think about it and would highlight something which then spontaneously is probably not right at all, where I also don't know the details whether it really goes like this. What of course I experience, when I think of Edeka, which is also a retailer, I experience this "We love food", but it's not up to me at all to judge how far it goes. I know that it's somehow organized in such a way that there are also a lot of self-employed people who participate, and do a lot. But I don't think it's my place to do that. I don't look behind the scenes anywhere to be able to judge the seriousness of it. And we've talked about it before, of course, as a child of the 90s. I'm very attached to Apple, but you're always torn between them.

So I am not such an intensive follower that I say, there is nothing else in question. And I also don't know, If you think about it now, We haven't talked about it, but what's going to happen with the office and if everyone has to go back to the office? Then, of course, I understand what one means by that, but I don't think it's humane to say that everyone has to go back to the office. I understand that, but I know that you can't do it that way.

Speaker 1: [00:40:13] Why do you see it as non-humane?

Speaker 2: [00:40:17] Yes, because I.

Speaker 1: [00:40:19] That would mean that before everything was inhumane when it was still the norm.

Speaker 2: [00:40:23] no, not necessarily. I understand the thought behind it. I miss that as well. And we always tried at Hornbach for the last years, before this occurred, to build the company like a living neighborhood. And now I suffer a lot from the fact that I feel like I'm living in a vacation home settlement in winter. No one is ever there. The neighborhood is not animated and everything, everything that made the life of the company, especially this unintentional meetings, which you also have at home, at the mailbox and this unconditional neighborly help, which is what you have to generate in companies. You don't send a neighbor away that wants sugar from you and say, "Come back in three weeks. I have another project right now" and we have connected a lot with that. But that's just not so easy to produce now. As I said, it feels a bit empty, but I don't think it's enough to say that you'll all just have to come now. I think that's stupid, too. I think you have to take the, how shall I say, I noticed that now recently and I was surprised. It wasn't about lectures at all, we just had a big party. And this party somehow brought people much, much closer to the interest in the colleagues than if I now artificially force someone. I think there too, it's about pulling and not pressuring. So if you say you have to, then it's nonsense. And if you enjoy going, going, then it's wonderful. And I also enjoy that I don't always have to go to the office.

Speaker 1: [00:41:42] Karsten Let's take a few more questions from the Proust questionnaire to get to know you as a person as well. On what occasions do you lie?

Speaker 2: [00:41:54] We haven't been able to talk about that yet, but I don't think anything about being authentic. And I think it's great that we as humans have learned that you start lying for politeness reasons at the points where truth hurts the other person. That is the limit for me.

And I think that's okay, too. There is a beautiful poem by Wilhelm Busch, I think, also about politeness and petite cheating. I think that's okay. I think it's okay if it hurts others.

Speaker 1: [00:42:24] What's your biggest fear?

Speaker 2: [00:42:28] It is and remains that anything happens to one of my four children. One is at the Splash Festival, just near Dessau, and yesterday night there's a report in the Süddeutsche that a gas body flew around some guys' ears. The first thought is, with his talent, it could have been him. That's it. Other than that, nothing scares me.

Speaker 1: [00:42:45] What living person do you despise the most?

Speaker 2: [00:42:55] There's really no one that I despise. I'm looking against the backdrop of is this actually just sustainable or is it livable? Lately, and this is also something that drives you, I'm looking not only gleefully at what's happening in Silicon Valley, but not as in one person that I blame for that, but what is arising there altogether and I just don't know whether this makes our life more worth living, what's happening there. But I don't hate any or despise any person.

Speaker 1: [00:43:28] What was or is the greatest love of your life?

Speaker 2: [00:43:33] Yeah, I've been married for 25 years. So that's stuck with it. My wife. No car. My wife.

Speaker 1: [00:43:41] And what is the quality you appreciate most in friends?

Speaker 2: [00:43:54] The quality that I value the most is these encounters that at least feel like like there are no boundaries. I really enjoy that and I'm also very unreasonable. When you know it's not kind of the first one jumps up and says I have to go, but evenings that just run their course even though we all know it's completely unreasonable.

Speaker 1: [00:44:18] And one last question, Karsten? Which one trait would you like to change About yourself?

Speaker 2: [00:44:28] Yourself? Oh, that's the problem. It's what most people always say. The same thing. But it just affects me as well. And that's also quite difficult in the hardware store and I learned that very quickly. I also have impatience. That has gotten much better with age but it's impatience. And at that time Hornbach immediately told me, with this impatience

related to our product, which I found quite nice, that no plant grows faster if you pull on it. And then I say that to myself again and again and then it's okay. But it's like with almost everyone, impatience, otherwise it's okay.

Tim Leberecht: [00:45:00] Nice closing, Karsten, thank you so much for taking the time just so glad to be here with us after a long virtual general meeting, thank you very, very much! As I said, we will publish it in German with subtitles. Karsten, I hope to see you again soon. For all of you, it continues in the House of Beautiful for Business next Friday with the Resident Circle. We will have a special edition on our Beauty Shot. There you can get to know the Beauty Shot Writers Team and also meet other residents. Then next Thursday and Friday we have a new Beautiful Business Trip, The New Politics of Business, together with BCG and More in Common. It is about corporate political responsibility. It's free to all Subscribers and Residents of the House of Beautiful Business by the way. And then, we announced yesterday, we will be hosting an asynchronous conference, together with Hotwire. Because it goes on for, oh Till 200 days?

Till Grusche: [00:45:55] 20 weeks

Tim Leberecht [00:45:56]: how many?

Till Grusche [00:45:57]: It's too loud i think you cant hear me... 20 weeks

Tim Leberecht [00:46:02] Exactly, 20 weeks on our Discord server and that's also free and anyone can be there. So we want to think about, how can we make web 3.0 Beautiful? On that note, thank you very much again Karsten, have a great weekend everyone, sunny nice weekend wherever you are and see you soon. Thank you very much.

Karsten Kühn: [00:46:20] Thank you very much, Bye.